

GSA JURISDICTION IN LOCAL COMMUNITIES

FIELD HEARING
BEFORE THE
COMMITTEE ON
ENVIRONMENT AND PUBLIC WORKS
UNITED STATES SENATE
ONE HUNDRED FIFTH CONGRESS
SECOND SESSION

FEBRUARY 17, 1998—HELENA, MONTANA

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GSA JURISDICTION IN LOCAL COMMUNITIES

TUESDAY, FEBRUARY 17, 1998

U.S. SENATE,
COMMITTEE ON ENVIRONMENT AND PUBLIC WORKS,
Helena, MT.

The committee met, pursuant to notice, at 10 a.m. at the Lewis and Clark Library, Helena, MT, Hon. Max Baucus presiding.
Present: Senator Baucus.

OPENING STATEMENT OF HON. MAX BAUCUS, U.S. SENATOR FROM THE STATE OF MONTANA

Senator BAUCUS. The hearing will come to order. First, I would like to introduce a few people. I'll start with probably the most important person, Sherron Walstad. Sherron is our stenographer here. If we talk too quickly or you can't understand somebody, just holler.

To my immediate left is Tom Sliter. Tom Sliter is the minority staff director of the Committee on Environment and Public Works. That's the committee of the U.S. Senate that has jurisdiction over the public works buildings, GSA. It's also the committee that has jurisdiction over most environmental issues. But for the purposes of this hearing, we're examining the issue of GSA in local communities.

I'm the senior Democrat on that committee, and that's why Tom is here, as the senior member of the Democratic staff.

On my right is Kathy Ruffalo. Among the various staff on the committee, different staff are assigned different responsibilities, some environmental issues like clean water, air, and so forth. Kathy's responsibility is highways and buildings. So the highway bill coming up before the Congress, obviously, Kathy is very much involved in that.

The purpose of this hearing, basically, is to try to straighten out some of the confusion that has arisen apparently between the GSA and their policies on the one hand and folks in Billings, in Helena, and Butte with respect to Federal Buildings, and rentals and replacement.

There are a lot of issues involved. One is the various Executive orders that have to do with preference for locating buildings in, say, central business areas. Another Executive order gives preference for historic buildings or historic districts.

Then there is the question of the best deal for the taxpayers, that is, competitive bidding. There are issues of seismic retrofits, and how those various factors are weighed in deciding what the correct solution should be. For example, should the GSA renew a lease at

the Federal Building here in Helena or should it perhaps look at a different location.

Another general issue I'd like to explore today is how we can better, for lack of a better expression, communicate, or understand each other. Public servants like GSA and myself are the employees. The public are the employers, and we need to assure ourselves that we're doing the very best job possible, in this case, particularly GSA, in serving our country, in serving the wishes of the people who pay the taxes and who elect or unelect us and who elect or unelect presidents who have something to do with the General Services Administration.

So we have to nail that down better. Apparently there's been a lot of misunderstanding and miscommunication. It's my goal when this hearing is over to clear up some confusion. Second, we will set in place a procedure, some kind of a follow-up procedure, to resolve these basic issues in Helena, Billings, and Butte. The other is procedural—potential issues like this that come up in the future—so that people in our State feel more comfortable about the way Federal Building issues are handled, and are comfortable with the final resolution.

I might also add, for the purposes of our guests from GSA, a little history. I'm sure you know a little bit about Helena. It's our capital city, but Helena is a very historic city. As you know, when you come up Last Chance Gulch, you might ask, "What in the world is Last Chance Gulch?" Well, if you know the history of the four Georgians that came here, this was the last chance to find gold; and before turning back, "Oh, what the heck. Give it a whack. Give it a try," and they did great. That started the Gold Rush and eventually led to Helena becoming the capital city. With the urban renewal and part of that modernization that occurred a couple—20, 30 years ago, a lot of buildings, unfortunately, in Helena were removed, and the whole downtown area is a lot different now. But we have the Federal Building to anchor this section of town. That was part of the understanding, that with urban renewal, that the Federal Building would be here and that would be in this part of town.

When the hearing is over, I'd like to take a walk down the street and go to various landmarks like the Parrot, have lunch, and just explain a little bit of the flavor of Helena I will point out the water tower and some of the landmarks that are not only famous, but infamous, just to give you a sense of the area.

I'd like to first introduce our first witness, Bob Peck. Bob is the Commissioner for Public Buildings in GSA. He's the No. 2 man—excuse me, he's the No. 2 person in GSA. We do not have the head of GSA with us, but we have the No. 2 person.

Commissioner Bob Peck has served in many capacities in public service. I think I have some of them here. I know he worked for Senator Moynihan, as Senator Moynihan's chief of staff. That's relevant because Senator Moynihan was once the chairman of the Committee on Environment and Public Works and very involved in a lot of the buildings that are constructed in the United States today.

He's a graduate of Harvard University's School of Design. So he's quite involved in the design of buildings. He's also been with the

Office of Management and Budget, National Endowment for the Arts, involved with development of the Communications Commission, and just has a sense of this subject, and we're very honored to have him here.

Bob, why don't you begin, and I'd like you to keep your remarks to 5 minutes. Please address the questions that I have referred to in my opening remarks.

STATEMENT OF ROBERT A. PECK, COMMISSIONER, PUBLIC BUILDINGS SERVICES, GENERAL SERVICES ADMINISTRATION, WASHINGTON, DC; ACCOMPANIED BY PAUL PROUTY, ASSISTANT REGIONAL ADMINISTRATOR, GENERAL SERVICES ADMINISTRATION, DENVER, CO, AND TANISHA HARRISON, CONTRACTING OFFICER, GENERAL SERVICES ADMINISTRATION, DENVER, CO

Mr. PECK. Yes, sir. Thank you, Senator Baucus. Thank you for asking me here.

I will just note that I am accompanied by Paul Prouty from Denver. He's our assistant regional administrator there for public buildings, so he's in charge of the region. To his right is Tanisha Harrison, who is a realty specialist, also in our Denver office, who knows more than—both of them know more than I do about the specifics of these three instances.

I'm very happy to be here at your invitation to talk about the Public Buildings Program and specifically how we can work in partnership with communities here in Montana, as we do elsewhere throughout the country.

I would also note that I have, so far, just driven by the downtown. I'm proud to say that when I was a private sector real estate attorney and a local preservation attorney in my hometown of Washington, DC, I helped create a downtown historic district in Washington. So I'm very interested in the problems of historic districts and in revitalizing downtowns.

Just a few points about GSA in general, because it's important to put in perspective how we operate our program before we get to the community issues, which are very important.

We're sometimes known as "the government's landlord," which is not probably the happiest title anybody could have or the most user-friendly of names. We prefer to say these days that "We are not your father's GSA."

Much has changed about GSA in the past several years around the country. We believe we are a model for reinvented government. Since the start of this administration—I think this is good news—we are about 25 percent smaller by employment. We are operating in more streamlined and business-like ways.

For example, the Public Building Service, which I head nationally, had 10,000 employees in January 1993. By December 31 of last year we were under 7,500.

We have a lot of successes to tell the American people about what we are doing. We provide Federal agencies, for example, with long-distance telephone rates, rates that are lower than any business in the United States pays. We have airfares when we travel on business that are cheaper than those paid by any private businesses as well. We operate our government-owned buildings, ac-

cording to independent surveys, at a cost per square foot less than that paid by private-sector building owners for comparable services.

In the Public Building Service we have the particular opportunity to run like a business. We collect our agent—we collect rents from Federal agencies, and we have expenses going out. We have a bottom line we can watch.

Our job is to benefit our direct customers, the Federal agencies who have to get work done in a space we provide; and more importantly, we have to satisfy our ultimate shareholders, the American taxpayers.

We are giving our customers choice, because they pay us rents, they demand services at a fair price. We have told our customers a year-and-a-half ago, and something hardly any government agency I know of has ever voluntarily done, that they don't even need to use our services. If we don't provide them with good value and good service, they can go out and lease on their own. We have challenged our employees to meet that test. So far, I'm happy to say very few agencies have chosen to go outside.

We are a very big business, both nationally and in the communities in which we operate. Nationally our budget is about \$5 billion a year. That's a lot of money by anybody's accounting standards.

More than 90 percent of that money is returned to the private sector either as maintenance, cleaning and security guard contracts, hiring private-sector architects, engineers and construction contractors, or to private building owners when we lease space for Federal employees.

Our lease costs are about \$2.3 billion a year nationally, and leased space accommodates about half of the Federal employees for whom we provide office space.

In the Public Building Service in the last several years we have cut red tape, reduced the time it takes us to act, eliminated duplicative management abuse, and empowered our employees.

I have to tell you, in the private sector I have been, as I said, a real estate attorney and a commercial mortgage banker; and our employees, particularly those who do our leasing and property management services, are as good as any private-sector employees with whom I've ever worked, the only difference being that our people are paid a whole lot less.

One of the things we have done in leasing is to reduce the size of our, what we used to call a standard lease. We used to hand a landlord a 50-page lease full of all kinds of government gobbledygook. We have trimmed that down to about 11 pages. It's no longer a standard. It's a model so that our leasing specialists, who are smart people, have the flexibility to cut the best deal for the American people and for the Federal Government. We had to do this anyway, to streamline our business, because the workload has remained almost constant; and as I said, we have a lot fewer people to do it with.

So we are a business-like organization, but we are not a business. We are a government agency and we have special obligations as representatives of the government and of the American people.

Some of those obligations, like being good citizens in our communities, are similar to the obligations voluntarily undertaken by the best civic-minded businesses. Other obligations are more specific.

Congress has enacted laws which require us, for example, to adhere strictly to new seismic building standards. We are required by law to give preference to small businesses that are contracting, and to workshops for the blind and severely handicapped in our building services, even if it costs us a bit more.

These are all good policies. I think they're supported by the American people and they are supported by those of us in GSA who have to carry them out.

Although the procurement laws, the laws that tell us how we have to purchase goods and services, have also been streamlined, they still hold us to certain procedures which require that we get competition in every case we can when we solicit for construction, leasing or even maintenance contracts.

Those laws rightly restrict us from situations in which we might simply go out and use a single source, a sole source, to pay for goods and services. There is a great deal of skepticism, you can see, underlying these policies and laws and regulations about government employees just going out and finding someone they like or whom they find it convenient to do business, and not giving other people in the country a fair chance to do business with the government or to make sure that we get the best price we can for our services.

With respect to working with communities, again, as everyone knows, we have some laws and regulations that govern the way we do business. In 1976, Congress passed the Public Buildings Cooperative Use Act, which requires us to consider historic buildings when we need to acquire space, either by purchase, or when we lease space.

Executive Order 12072 issued by President Carter requires us to consider central business areas of cities first before we go anywhere else when looking for Federal locations. President Clinton reinforced that in Executive Order 13006, which said the same thing about central business areas and added the requirement that we look first to buildings in historic districts or individual historic landmarks.

In 1996, we took a further step. We established, under our administrator, Dave Barram, what we call a Good Neighbor Program. Going beyond the Executive orders' location policies, we said that we would cooperate with downtown business improvement districts where they are established.

I was particularly pleased with this, personally, because as a private citizen in Washington, I was on the city committee that helped establish a bid in my hometown of Washington. We now have signed agreements with 50 bids in 35 States. We have hosted also, on Federal plazas and inside Federal Buildings, 5,000 community events, things like farmers' markets in Chicago, Girl Scout fund-raisers, even community plays.

We recognize that we are a large real estate presence in every city and in every community in which we have space. We recognize that when we locate our buildings and our leases, we can help or harm economic development. This is a difficult issue.

Economic development, as everyone here knows, isn't something that's simply done by locating a facility in a certain location, although that can help. It's also important to make sure the employees in our building can contribute to economic development by being located near commercial services that they can partake of during the day.

It's important that when we plan the enhanced security, which we are doing in all Federal Buildings since Oklahoma City, that we do it in a way that we don't scare off the public, nor imprison our employees in our buildings. That's the last thing we want to do.

We need to find locations that work for the community and for our agencies, and we need to locate in buildings, I believe, that are designed in a way that they enhance the visual environment in which they sit.

This is not terribly new. The Federal Government has recognized since the founding of our Nation that where we put Federal Buildings and facilities is important. The Constitutional Convention, in fact, debated where the capital city should be. It was a subject of compromise to put it where it is, on the Potomac River in Washington.

I can tell you that across the Nation, our good-neighbor policy has resulted in a great number of successes in location decisions. Last year, alone, we renewed over 800 leases in 500 downtowns across the country.

We have, in many cases, brought Federal workers back downtown who used to be outside the central business area; for example, in Atlanta where we opened a new Federal Building last year and brought people in from the outskirts of the city.

It's not always easy, though. We have to balance agency requirements. I would note that the Executive orders don't just apply to GSA. They apply to all Federal agencies. Yet it is also true that Federal agencies sometimes, because of their mission requirements, have requirements that make it difficult to find buildings downtown that will work for them, that will give them good productive space.

It is our obligation, nonetheless, to urge the agencies which we are housing in our buildings to modify their requirements if necessary, if feasible, so that they can fit into the building they find in historic districts and in other downtown locations.

We need cooperation in our partnership. We need to be aggressive, as I say, in challenging agency requirements that would unduly restrict considerations of downtowns, and also requirements that would restrict us to just one location, because the procurement laws frown upon that, as I've noted.

We also need the cooperation of communities and leaders in the communities to help us find locations and sometimes to help us resolve the other requirements that we have to make locations work; for example, in helping locate amenities, making sure that the locations work for our employees.

Sometimes I quote the great country singer Ernest Tubb, who said—although he's from Texas and not Montana—I would note Ernest Tubb, of the Texas Troubadours, once said, "If you want to have good neighbors, you've got to be a good neighbor, doggone ya."

So it is a two-way street and is something that we need to be a good neighbor just as we need good neighbors around us.

We are eager to be good neighbors. I've seen this program work in lots of locations around the country where we can satisfy our Federal customer, get the best value for the taxpayers, and contribute to the economic development.

I have to say this. It's not always easy. It's not always smooth. I think this hearing is a testimony to the fact it is not always smooth, but I know that we can do this. I know that we have had successes across the country, and I know we can do that in Montana, too.

I know I will come back after awhile. I just want to make you this commitment before Paul speaks, that we are—I'm not going to say that every step we have taken in our processes in Helena, Billings, and Butte have been the right steps, even under our own procedures. I don't have personal knowledge that we've done anything that violates any law or regulation either.

We don't want to play this like lawyers. We want to be partners with the communities and we want to make the situation work to everyone's advantage. No matter what has happened up to this point, I want to give you my commitment that we are going to try to forge a partnership in all three of these communities to make everybody as satisfied as we can, consistent with our obligations. Thank you.

Senator BAUCUS. Thank you, Commissioner. I particularly appreciate your last statement about your commitment. That's basically the point of this hearing, is to make sure we get this resolved and resolve any potential future problems as we go the best we can. Thank you very much.

Next, Paul Prouty, who is the Deputy Regional Administrator in Denver.

Paul.

STATEMENT OF PAUL PROUTY, ASSISTANT REGIONAL ADMINISTRATOR, GENERAL SERVICES ADMINISTRATION, DENVER, CO

Mr. PROUTY. Thank you very much. I am Paul Prouty, the Assistant Regional Administrator for the General Services in Denver. We manage a six-State Rocky Mountain region. That includes roughly 14 million square feet. As Bob says, we're a very large real estate services provider. 1.03 million square feet of that is in Montana. We invest annually about \$7 million in rental payments into the State of Montana.

As Bob said, we are the broker for the Federal agencies. We are convinced, as he said, that we have a very talented and capable staff. We're very proud of our employees, and we think they do a very good job within many constraints.

We are, as Bob indicated as well, committed to the central business areas, to historical buildings, and historical areas. However, our business responsibilities require that we satisfy our client needs and that we do good business for the taxpayers.

I want to briefly discuss the three actions. I'll give more as Bob indicated as well. Neither he nor I were really on the front line of these, but we reviewed them very carefully.

What I'd like to talk about, as he did, is discuss these with an eye to the future. There are some things that were done—I must tell you, I've been in this job for 6 months. I was gone from this region for about 3 or 4 years. However, I was in this region as far back as when this building was placed in Helena.

In Helena we have an ongoing project right now. We still have an opportunity to work with the locals, and we're committed to doing that.

What we have are a lot of changing agency needs. So right now, we have to figure out exactly what the agencies are doing. Because of downsizing and the like, agencies are identifying requirements that are far different than what they had 10 or 20 years ago, and we must work within that environment.

We also have the seismic requirements, which we must meet. There are different opinions on what that looks like. We've had some independent studies, and we'll continue to work to make sure we do that in a fashion that ensures that we meet the requirements, but helps us work within the environment of the real estate market that we have.

Also, we have a responsibility to make sure we get the best deal for the government. In situations such as Helena where there is limited competition, it is very difficult for us to do that, but we constantly strive to do that and find opportunities in order to get competition to ensure that the taxpayers benefit.

In Helena we're committed to working with the interested parties, but we must, in the final analysis, have a good deal for the government and we must have a building that meets the needs of the tenants and the seismic requirements mandated by Congress.

In Butte, as well, we have an active project, and in that one, I must admit we had some false starts. All of us will agree with that. We are rather new to the Good Neighbor Program, and a lot of those programs we are struggling a little bit to develop partnerships that enable that to work; and also in that particular case, we have a client in MEPS, Military Entrance Processing, that has some unique national requirements that we are challenging them to work with us to help satisfy the requirements of the community.

In December, we basically stopped our process and went back out on the market with an eye on the historic district to try to find specific opportunities that we could make work. There are some that are available. We have a commitment from the Department of Defense to come with us to Butte, to sit down with whomever would like to talk to us to see what we can do, with the properties available, in order to make a deal.

Once again, I think the challenge of Butte is that we must have a building that meets the clients' needs, and so far, we've not really brought them in to articulate what those are, but we are willing to do that and they've agreed to do that as well.

In Billings, because of the pending litigation, we've been asked by the U.S. Attorney not to talk about the particulars, but there are a few things we can say about Billings.

That was, once again, a requirement by the agency which caused the real estate deal to be extremely difficult. Also, as I'm sure everybody is aware, the need for competition was the reason that we expanded, ultimately, the delineated area. And in the final analy-

sis, there was some savings identified for the taxpayer; but without talking about that particular deal, I do want to talk about a success story in Billings that I was personally involved in where we worked with the city, where the city optioned a site which we went out and completed the requirement which ultimately placed 14 agencies in the Jamison Building, 40 percent of which were outside the CBA when we started. It's a 106,000 square foot building in which we pay rent of \$1.3 million a year.

So we have shown in the past that we are capable of doing deals such as that. They're never easy. We find that especially when you get to smaller communities, they're usually more challenging, but we have a commitment to develop a partnership.

We will acknowledge that we haven't done as well as we necessarily would like, but we're going to stay after it and try to do it in the best interests of the taxpayers and local communities. It's a difficult balancing act.

Senator BAUCUS. Thank you very much, Paul. I'd like to ask you some general questions. Then when you're finished, we're going to have some local folks come up and give their testimony, and I'll ask them some questions. When they're finished, there's a good chance they'll want to bring you back.

Mr. PECK. We're happy to do that. We're not going any place.

Senator BAUCUS. I appreciate that. With a view toward trying to find out what's going on here, the first sort of basic question I have is, how do you generally coordinate with local officials? That's the basic question here. What's the process, you know? How early on do you consult with them, with the people?

Let's take Helena as an example. How many people from GSA have come to visit with Helena, and to what degree do you take into consideration Helena's master plan or any master plan a community might have, and how much deference do you give to their concerns? If you could tell me what's the standard normal procedure here, and particularly, with a view to what, in your view, happened here in Helena.

Mr. PECK. First of all, I would note that we do have a permanent presence in Helena in our Property Management staff in the Helena Federal Building. So, I mean, we do have people who live here who know this area.

Second, in general, here is what we ask our people in communities across the country to do, and that is that we are always, as Paul noted, hearing from Federal agencies about their requirements for new space or for giving up space or changes in their missions; maybe they need a different kind of space or whatever.

When that happens and we start coming up with our thinking about how we satisfy those requirements, our general rule is that a couple of times a year our folks are supposed to be talking to the city. When specific—just in general about planning, what's happening in your city?

In fact, last year we announced, but we've not yet carried out a more far-reaching plan for getting our folks in touch with city planners on an annual basis to work out a plan. So there is supposed to be some kind of routine communication between our folks and cities.

Second, when specific requirements come up, we ask our people to talk to cities about what this is going to mean for leasing or for new building locations, whatever the case may be. There are usually two reasons for doing this. One is that a lot of cities have economic development offices, and planning offices generally know what's available. It's a good, easy step to take when you're first doing a survey of what space there is around. And, second, generally that's the way we are supposed to consult.

Finally, there are more specific requirements, obviously. Since the Executive order says that there is supposed to be a central business order of preference, we ask cities what is the central business area. We do not establish our own definition of a central business area. We get it from the localities.

I can tell you in large procurements—and then I'll come back to Helena—in major metropolitan areas in the country where this has come up before, there have been very detailed discussions with city officials, in many cases, up to and including the mayors of some of the larger cities in the country, about what the so-called delineated area for a lease is going to be.

Senator BAUCUS. What happened in Helena's case? You say the general policy is to consult, you know, twice a year. Did that happen here?

Mr. PROUTY. Probably not.

Senator BAUCUS. Or in Billings or Butte?

Would you turn on the microphone and identify yourself, what your position is, and so forth?

Ms. HARRISON. My name is Tanisha Harrison, and I'm a contracting officer and realty specialist for GSA in Denver.

Regarding the consultation process, I think in some of the smaller communities it's more typical, when we have our larger requirements that come up, to consult at that time, when we're aware of the requirements.

Senator BAUCUS. So in this case there was not the 6-month consultation.

Mr. PROUTY. I think that's true; and also in Helena there is a unique circumstance because we had a renewal that was coming due, and because of the seismic deficiencies in the building, that caused us not to renew.

So, basically, we probably would have kept similar housing, same building. We had a contract in place which would have gone on for another 10 years, which historically, without any extenuating circumstances, we probably would have renewed. So I think that caught us by surprise as well.

Senator BAUCUS. Would it be GSA policy to, nevertheless, consult twice a year with communities like Helena, Billings, and Butte? Did the policy fall down or what happened?

Mr. PROUTY. I think the answer is yes. It's difficult to establish which communities you do that in. As Bob indicated, we have a very limited staff. We probably have four to six people who have to do this throughout a very large geographical area.

So what we try to do is try to make sure we know when there is something going on and where we need to have people. We're trying to develop some relationships, and while communication is

ongoing in some communities, it's still in its infancy. I think it's safe to say in this case, we probably didn't do that.

Mr. PECK. Yes, in areas where we have a lot of different leases going on, in metropolitan areas where there can be 100 government leases, there is a need for that sort of continual consultation more than in smaller areas where it just doesn't come up that often.

The bottom line, however, is that we do expect consultation when an actual lease negotiation is going to be required.

Senator BAUCUS. Again, how much before renewal? How much time before renewal is it GSA's policy to call up the community and say, "Hey, renewal is coming up down the road and we should find out what your desires and wishes are"?

Mr. PECK. We don't—one of the things I talked about before is, we're trying to eliminate as many sort of cookbook requirements as we can on our folks. We have a requirement that people consult. We don't say it has to be 10 days in advance, 7 days in advance. It depends on the community.

Again, as Paul noted, whereas here, the expectation—suppose this had just gone through, the expectation where you were just going to renew the lease in the existing space. There might be minimum consultation, just to say, "Looks like we're going to do this."

In other cases where you think you're actually going to do a solicitation and you have to worry about whether you're going to stay, that would be a different thing.

Like I say, the problem with—and I happen to like real estate—the problem with real estate is that every situation is different, so we try not to have sort of fixed requirements on how much time you have.

The bottom line—I don't want to evade this—is that we expect consultation with the community when we take major lease actions and before they are set in concrete.

Senator BAUCUS. I understand that. So in the case of Helena, Butte, and Billings, are those major lease actions in your view?

Mr. PROUTY. Yes, absolutely.

Senator BAUCUS. According to your best recollection, how far in advance were those communities consulted in a meaningful way?

Ms. HARRISON. As far as Billings is concerned, specifically, I was the contracting officer for that project, and I know that the consultation started well in advance of the time that advertisement was ever placed—

Senator BAUCUS. "Well" means—

Ms. HARRISON. At least 2 to 3 years.

Senator BAUCUS. In the case of Helena?

Ms. HARRISON. In the case of Helena, I'm not the contracting officer for that project, but I do know that consultation started taking place when we realized we had a requirement, could not exercise the renewal, and needed to establish a delineated area in which to seek—to meet the requirements.

Senator BAUCUS. So you don't know how far in advance?

Ms. HARRISON. I can't name a certain number of days or months, no.

Senator BAUCUS. Could you just—one of the key questions is a Central Business Area question. In communities like the size of Helena, Butte, and Billings, which are a little different than Den-

ver, for example, the importance of downtown areas in communities like ours is probably more than Denver, because it's just such a big city.

So we have this Executive order. Do you give more weight to the Central Business Area Executive order in smaller communities than you do in larger ones, all things being equal?

Mr. PECK. All things being equal, the fair answer is, probably we do not, because I will tell you, when I talk to the mayors in Denver and Atlanta, they are also quite adamant about how important their downtowns are.

You are absolutely right, however, that what is true in those areas is that there are probably other options. If we move out of a lease, there are lots of other companies and lawyers, accountants, whatever, who are going to be prepared to move in, and we're aware that that may not be the case here.

The flip side of that in small communities is that in the downtown area of a larger city there are probably several locations in which we can find some space available that we can use as competition. Sometimes the problem in smaller communities is that we can't get the competition we need, and our worry—and we are required—Congress never says, "Here is a law, so start worrying," but we are required by law to worry about whether we can get adequate competition to make sure we get a good, competitive deal.

In the private sector of real estate, you do the same thing. I worked for a law firm that was considering whether to move out of its building or stay, and we canvassed the area to see if there was some other locations available so that when we negotiated with our own landlord and eventually stayed in the building, we made sure that that landlord knew that he had to come up with a good deal to keep us.

Senator BAUCUS. I understand. The point I'm trying to focus on is the importance of downtown areas and how much weight you give to that. Do you give considerable weight to it or some weight?

Mr. PECK. I'd say huge weight, because the Executive order says "first preference" unless there is an issue of—

Senator BAUCUS. When you decide to extend the boundary, I guess under the Executive order, you're required to consult the local community. What do you mean—what do you think "consult" means?

Mr. PECK. Let me start by saying, I think it means—let me put it this way. It is more than a pro forma consultation. It means a sitting down. It doesn't necessarily mean—we have the ultimate responsibility because we are the fiduciary for the taxpayers. We eventually have to make a decision about how to negotiate the best price for the taxpayers.

But consultation means you sit down. There is a good give and take. If there is eventually—hopefully that produces a meeting of the minds. If it doesn't, there needs to be—my hope is that at the end of a consultative process, everybody feels like they got a fair shot; and even if they disagree, that they weren't frozen out of the process.

Let me make one other point about the weight. I want to be clear. We do not go for the lowest bidder on our deals. So it is conceivable—and Paul can correct me if I'm wrong—we don't say,

“Look for a place in the Central Business Area and look for places outside; and if it’s outside the Central Business Area, but cheaper, we’ll go outside.” We will still award a lease——

Senator BAUCUS. In this case is it your impression that there was meaningful consultation with people in Helena and Billings and Butte, not just pro forma? Was it meaningful, in your judgment?

Mr. PROUTY. I think the answer is yes.

Senator BAUCUS. I don’t mean to badger you, but if you can outline what happened here in Helena which justifies your belief.

Mr. PROUTY. Can I start with Billings and move to Helena?

Senator BAUCUS. Fine.

Mr. PROUTY. Billings is something I know something about. I mean, I was personally involved. Some of this other stuff happened when I was in Boston.

In Billings, we knew we had a lot of evolving needs in Billings, so we went to the city and we had a discussion with the city officials which came down to what we thought was a wonderful idea, which they would find a site downtown and we would option. We would place our tenants in a 14-agency consolidation; and at the time we were discussing that they would also option a site outside the city limits, the CBA of Billings, in order for us to place a requirement that looked like it couldn’t be placed downtown, and that was BLM. It was a two-step process, which we thought was great.

Because of changing players, changing requirements, changing a lot of things, we did the Jamison Building; and then we had the next phase of discussion about what we were going to be able to do with BLM, what they needed, what requirements there were, and how they could be satisfied. It’s been a very lengthy process with a lot of discussions on buildings.

In Butte we had discussions, but I think on occasions we probably weren’t talking to the people we should have been talking to, and we acknowledged that we had not done a thorough enough job. That’s why we backed off and went to the discussion phases again. Our bias is toward putting it downtown, I assure you.

Now, in Helena, I don’t think we’ve had ongoing discussions, because I think we thought that the requirements were pretty much set where they were in this building.

Senator BAUCUS. I’m sorry, I don’t understand that.

Mr. PROUTY. Well, in Helena we thought we had a continuing contract for the Helena Federal Building, and so when the seismic requirements caused us to not be able to exercise that renewal, everything changed. It wasn’t that we anticipated, you know, 5 years in advance that something was going to happen. That happened in the final analysis, just months before, which was May of this year, and now the discussions have been going on. We’re trying to firm up a short-term deal to figure out what we can do. In all cases what we have done, and what we continue to do, is challenge the local communities to help us find a successful way to satisfy these needs.

In Billings, right up to the end, we were talking to the Mayor to see what it was we could do if the city could contribute some, change their zoning, whatever they could do.

We are looking for the cities to work with us to cause us to satisfy the needs of the tenant; which certainly in all three cases, the changing needs of the government and tenant has put us in a very difficult situation.

Senator BAUCUS. What about public versus private meetings? Correct me if I'm wrong, but it's my understanding that GSA did not want a public meeting, a key point, where GSA could sit down and consult with, talk to Helena officials.

We in Montana pride ourselves on open meetings. It's in our State constitution that all meetings with the public deals—or public policy and outside people, they're public meetings; but I'm told GSA did not want a public meeting. I'm curious what GSA policy is on that.

Ms. HARRISON. We had a public meeting in January 1997 here regarding this Helena issue, and again, in I believe it was October 1997.

Senator BAUCUS. Is it true that GSA did not, at one meeting, want that meeting to be public?

Mr. PROUTY. I don't know that that's the case. I think you need both. I think that sometimes you need to work things out, and you certainly need public meetings. If somebody in our organization said, "We prefer not to do public meetings," that's certainly not the position of our organization today.

Senator BAUCUS. So that is not your position?

Mr. PROUTY. It is not our position. We will do public meetings.

Senator BAUCUS. It's not completely analogous, and I probably don't know the factual situation, but in the northern part of our State, we have Highway 93, and it's very controversial because different people want different designs. Some want four lanes, some want five lanes, divided, so forth.

The Montana Highway Department came up with a certain design. Well, a lot of folks up in the Flathead went berserk. They didn't like that; and some liked it.

The best resolution, finally, was painful. It was difficult. It took time. It was messy, but they had a lot of public meetings, lots. Everybody that was interested came to the public meetings; and it took a little time, but they eventually came up with a design. It's not perfect, but it's a good one that the majority of the people agree with.

I strongly urge GSA to follow the same approach, because in the long run, it's a lot better and a lot less costly and more efficient.

Mr. PECK. I will tell you, I couldn't agree more. First of all, I note that I've been a citizen advocate, so I've been to a lot of public meetings complaining about having been frozen out of the processes. I don't like it.

There are certain parts in our process where we are required to take things inside, but that's only when we're far down the line in the negotiation.

Senator BAUCUS. When you're looking at the Central Business Area matter and boundaries and so forth, do you do your own impact studies as to what the economic effects would be if you were to move, say, out of downtown to an area with an expanded boundary? Do you do your own impact analyses?

Mr. PECK. Generally, no. If a project, for example, a government construction project, if it's large enough that it requires an Environmental Impact Statement, often the economic aspects will get brought into it; but otherwise, no.

Senator BAUCUS. Do you give any weight to those studies that the local community might conduct?

Mr. PECK. Oh, absolutely. Although, like I say, we have sort of an absolute requirement to give first preference to the downtown in any event.

Senator BAUCUS. When you're attempting to get the best decision for the American taxpayers, and that obviously usually is a bidding process, when you get in a situation like we often have, let's say in Helena or some other smaller community where it's a lot more difficult trying to find a meaningful alternative bid, do you look at comparable rental rates as a way to satisfy yourself that sole source would not be—may or may not be appropriate?

I mean, what if the comparable rental rates are about the same? I mean, do you still have to go through the extra hoops of extending the boundary and trying to get bids, or does that depend upon the circumstances in the city?

Mr. PROUTY. It certainly depends on the circumstances. We do a lot of independent analysis. We have to generate the revenue. So the tenants—if we make a deal, even if it's not a good deal, our tenants have some independence of their own, and they're not going to pay rates that aren't market rates, so we've got to ensure that it's a market rate.

Having said that, in a situation such as Helena, if it satisfies the tenants' needs, certainly we'll look at the market rates, but there may not be competition here.

The next question is, can we make a deal that is economically wise for all parties?

Mr. PECK. Right. And as you know, the laws which frown on our going sole source or single source do, nonetheless, and they have been reformed in the last couple of years, happily, to allow us to make a determination that we're getting a market rate. We can note that, and then not go competitive.

I suspect that some of what's happened here, without hashing out the details of the deals right here, I suspect some of it, because I trust our folks, has to do with trying to make sure that we are being offered a market rate, particularly where it looks like we're going to wind up in a sole-source situation.

Senator BAUCUS. I don't mean to prejudge this, but let's say the seismic issue here is resolved, and let's say nobody else in Helena is interested, so far as you know, in submitting any kind of bid; and let's say the market rates, the rates that the lessor is suggesting are comparable, according to studies that you show. Why don't you just go ahead and sign a lease? Why go through all this?

Mr. PECK. On that hypothetical, I suspect that's what we would do, if in fact the facts bore that out.

Senator BAUCUS. Do you know of any alternative lessors or owners that want to bid?

Mr. PROUTY. I don't think we do, not within the CBA, no.

Senator BAUCUS. Which CBA is that?

Mr. PROUTY. The Helena CBA.

Senator BAUCUS. The smaller or the larger?

Mr. PECK. The city CBA, as opposed to the delineated area. We should be clear. When we use that bureaucratic term, it is—we are required when we go out to lease competition to say, “Here is the area we are going to consider for competition. If you have a building there and you want to offer it to us, we’ll consider it.”

The happiest circumstance is when we all feel comfortable saying the Central Business Area is also the delineated area.

Mr. PROUTY. With your hypothetical there are a lot of challenges. What we’re saying is, we can’t assume all the economic risk in the deal. There are going to be a lot of discussions. You’ve outlined a perfect world. Seismic is met, the numbers are right, everything is fine. I’d like to see that deal. That would be great.

Senator BAUCUS. How close we are on the seismic retrofit?

Mr. PROUTY. We’re at the very beginning.

Senator BAUCUS. Beginning?

Mr. PROUTY. Well, I think it’s safe to say there are disagreements over what’s required. We have an analysis. They have an analysis. We have to satisfy the needs of the law.

Senator BAUCUS. How do we speed this along so that you make a proper decision about the seismic retrofit here?

Mr. PROUTY. Well, I’ll tell you what the steps are. We need to get a short-term agreement. Right now, we’re negotiating with the lessor and trying to continue to be housed on the short term. Then we need to sit down and find out what our options are. If that is the only option that’s available in the CBA, we need to have some very detailed discussions.

Senator BAUCUS. I still have a couple more questions, because I think we’ll get to the heart of the matter with the other witnesses.

One complaint I’ve heard is that the goal posts are changing all the time, different Executive orders or weights on Executive orders and different personnel at GSA. I’m not intending any harm, but you talk to different people, and it’s pretty confusing to local officials.

Have you heard that before? Do you know whether that’s a problem here and what you can do to help?

Mr. PECK. I know whereof you speak. No. 1, we do have, as I’ve tried to outline, just by what we’ve been handed as a mission, we have some requirements which can conflict from time to time. I think that can be confusing to people, and we’re obviously doing a balancing act between Central Business Area and our economic imperatives. That’s one.

Second, I think people sometimes here, and I’ve heard this before, we ask different questions of different lessors, and people aren’t quite sure why someone got one question and someone else got another question.

The reason for that is that we’ve looked at a building, for example, and our folks walk through it and say, “It definitely meets our fire access and egress requirements,” so we don’t ask any questions about fire. We don’t see any problems with it.

In another building, we might. We might start asking questions about, you know, “Under the codes we’re going by, it looks like you might need to install fire stairs”; something like that. So sometimes people can hear different things.

Finally, this is a large organization. Communication is difficult in the best of times. We think we do the best job we can telling people what our policies are, how you're supposed to go about things. But, again, we have—we also encourage our people to use their best business judgment out there, and in the interest of time, to not spend every minute of their waking hours going back to some manual to find out how to do these things, because that results in a very frustrating process for everyone.

So as Paul admitted, we think we have at least some instances here where I think people say they're frustrated and they've heard different things from different people. I have no doubt that's true. What we try to do on most of these projects is establish somebody who is the single person in charge.

Senator BAUCUS. That was my next question. Is there somebody who is in charge? Who is that person?

Ms. HARRISON. We have contracting officers for each project.

Senator BAUCUS. Is there one person for Helena?

Ms. HARRISON. Yes.

Senator BAUCUS. Who would that be?

Ms. HARRISON. The contracting officer for Helena is Malia Ringler.

Senator BAUCUS. OK. Who would it be for Butte?

Ms. HARRISON. For Butte, it's Malia Ringler as well. For Billings, it's me.

Senator BAUCUS. I must say I've seen some correspondence signed by—what's her name?

Ms. HARRISON. Malia.

Senator BAUCUS. Malia Ringler, which is pretty curt.

Mr. PROUTY. We'll do better.

Senator BAUCUS. It's really beyond the veil.

Mr. PECK. I've read some of the correspondence on these cases, and I agree with you.

Senator BAUCUS. I hope that that does not continue.

Mr. PROUTY. Can I back up to one question?

Senator BAUCUS. Which indicates an attitude, frankly, which indicates a closed mind. It does not indicate an open mind, someone who is really listening to local folks and really trying to find a good solution, remembering that GSA are the employees. They're not the employer. They're the employees; and I just—

Mr. PECK. Sir, you are absolutely right. One thing I would say, and I've said, "It's not your father's GSA." We are evolving. We are evolving from a culture—this agency is 50 years old. We're evolving from a culture where people were told, "You go by the rules. You tell people what the rules are and you make them follow them," and it is a matter of what companies call a cultural change process to try to get people to say, "That's not the way we do business."

We used to treat our Federal agency customers, in some cases, more harshly than what you've seen in any correspondence with the public. That doesn't work either, because we don't have enforcement powers over those folks; and certainly with our, as I've described it, our ultimate shareholders, the American people, we have absolutely no business doing anything but being courteous and open.

Mr. PROUTY. In the particular case in Butte, I've had some discussions personally to say that we're going to look at the market again and we're going to sit down with all the parties, and I'm more than happy to be involved. Sandy DiBernardo, who is the director, will be involved, and we will find out everybody's concern.

Senator BAUCUS. This lady—what's her name?

Mr. PROUTY. Malia Ringler.

Senator BAUCUS. Malia Ringler. Is she in Denver?

Mr. PROUTY. Yes.

Senator BAUCUS. How often does she come to Butte or to Helena?

Mr. PROUTY. Lately, a lot.

Senator BAUCUS. How often? Or how often before this came to a head?

Mr. PROUTY. We have a limited number of realty specialists that travel the six-State areas. They go where the action is, wherever the projects are. So they generally don't make trips up prior to doing the deals, but we have a portfolio office that does that. Their job is to go out and—

Senator BAUCUS. But she makes the decisions. She's the contract officer. She gets the sense, the smell, the taste, the feel of what's going on. That's what counts.

Mr. PROUTY. During the process, I'm not sure—

Senator BAUCUS. See, one of the problems is, quite candidly, a lot of us in Montana feel that the Federal Government is too detached. It does not really understand Montana very well. We're too far away, whether it's Washington, DC, whether it's Denver, the regional offices and so forth. There is a lot of, not distrust, but at least confusion, misunderstanding and sometimes apprehension and determination and so forth.

Partly it's because the centralized operations in either Denver or Washington, DC, and so forth are not the people making decisions here. People who live in Colorado, or in Denver, don't feel this way nearly as much because they can talk to Maria, or Malia, walk in and talk to her and say: Malia, we're doing this or that, so on and so forth. We can't do that in Montana.

Frankly, the flight connections between here and Denver aren't very good either. It's pretty hard to fly down to Denver, and it's expensive.

So on the other hand, I think there is a greater duty, a much greater duty on the part of Federal agency central office personnel to get out of Denver and to get out of Salt Lake or wherever and get out to where people don't have access to the Malias of the world.

There's a huge, I think, responsibility to do that and go out of your way to spend more time, frankly, in the smaller communities than in the larger communities. The larger communities are going to get to you very easily. They get in their airplanes and fly. It's easier. They get better air service at cheaper rates. With the airline regulations, we get poorer service at more expensive rates.

I just—I'd like you, frankly, to develop a plan where you can inform us that, and it can be Montana, and probably nationwide, but particularly for this region, you know, the travel schedule or the number of times that your contracting officers, that is, the people making decisions, get out of Denver, just get out and meet folks,

find out what's going on; because then you can solve a lot of it with a telephone conversation, you know, a few months later. You know the person. You know the people. You've had a few beers together. A trust starts to buildup a little bit.

It takes time, but that is part of the problem here. I just urge you very strongly, and I want you, if you could, to get me a plan, think about it. I don't want you to just agree about this, but do something that is meaningful; because we do feel we are—we don't have near the access to talk to the Malias of the world as do people in larger communities.

Mr. PECK. Senator Baucus, there is no substitute in any business dealing for face-to-face contact. Particularly in real estate there is no substitute for being on the ground and seeing how things are moving in the community.

It is a challenge. As I noted, one of the problems is that we have downsized. We have restricted budgets. We have a very tight budget this year. I made a point of not imposing what was recommended to me by some of my green-eyed accountants, that we impose a travel restriction, in part, because I said, you know, places like this, in the northwestern part of the country, where we manage Alaska from Seattle, you know, people would never get their jobs done. But I hear you. It is a serious issue.

Senator BAUCUS. I urge you to shift your budget around a little bit. Anyway, one more question and we'll go to the witnesses.

What weight and deference do you give to Federal agencies' wishes and the space they want and so forth? How do you prevent them from just going through the wish list?

Mr. PECK. Without divulging—I will tell you that I have—we have taken it upon ourselves in Washington at times to go to the headquarters of Federal agencies in Washington to say, and I'm not saying this applies to any of these particular instances, but I've gone and spoken to people in very high-level government and said, "The requirements that your folks have in city or town X or Y are just—what's the polite term—just don't wash"; and we've gotten support.

I'm prepared to go up the line and do that. It is obviously very difficult, because what happens—take MEPS. I mean, I went in the Service. I went through a MEPS. I have my own sense of what it takes to go through that kind of a physical exam, but I can't—it's very difficult for me to say, "I know how you do your business."

On the other hand, what we will do is say, "You have an economic interest, just as we do, in making sure that you get the best buy on real estate," No. 1; and No. 2, that we follow, not necessarily in that order, also that you be downtown and be in that historic building.

You've got to be flexible. I always say McDonald's has found a way to locate in historic buildings. They have pretty rigid requirements on how they flip burgers and make fries. You know, Federal agencies also have to be willing to adapt. There are some very contentious discussion that goes on; but as I said, it is our obligation to do that.

Senator BAUCUS. Who makes the final decision? Let's say GSA says, "This is where we're going. We're going to go to this location." DOD says, "No, we have this requirement."

Mr. PECK. I can tell you—I have to tell you, in all honesty, that I don't know. As a matter of practice—as a matter of Federal regulation, GSA has the authority to assign an agency to space, so it looks like, in the end, we can do that.

I can tell you of instances in the past, over the past 20 years where we've tried to exercise that authority, and we have about a 500 batting average in actually making good on our order.

I want to tell you, that is a club that we do pull out from time to time and say we have that. But like I said, particularly with respect to leasing authority, agencies will often say, "Oh, well," you know, one way they can get out of it is to say, "We've changed our requirements," or "We've decided we don't need to do this."

Senator BAUCUS. That's a good way.

Mr. PECK. So it does require negotiation.

Senator BAUCUS. What appeal is there? Let's say GSA decides, "No, I can't go with competing lots. We're going to do something else." Is there an appeal process, or does GSA say, "That's it," period?

Mr. PECK. There is, under the Executive order, Executive Order 12072 and 13006, there is an informal appellant process inside the Government, which there are three cabinet-level officers who can take a look at a building location decision and try to do an arbitration. We have never yet exercised it. It's only been in place—as I say, it's informal—for about a year-and-a-half. We've never had to go to it yet.

I don't know, quite honestly. I'd have to ask our lawyers whether it is available to—how it would be exercised; because, like I said, we've never had to figure out all the rules.

Senator BAUCUS. So once GSA makes a decision, for all intents and purposes, that's it? There is no recourse?

Mr. PECK. In our system, fortunately there is, in instances where it goes this far, recourse, by being asked by Congress to take a look at it; and quite honestly, this is one of the more effective means of appeals that communities have. You know, whether it's by letter or by hearing, we've been asked in any number of cases to take a second look at some of our decisions.

Senator BAUCUS. I've taken a lot of your time, more than I intended. I want to thank you very, very much for your help and also taking the time and effort to come to Helena; and if you would, please, stick around.

Mr. PECK. We wouldn't miss it.

Senator BAUCUS. OK, our panel.

First, Colleen McCarthy, mayor of Helena; Alan Nicholson, a real estate developer in Helena; the Honorable Mark Kennedy, council member in Billings; Mechelle Schultz, Downtown Business Association, Billings; the Honorable Jack Lynch, chief executive, Butte-Silver Bow; Colleen Fine, director of Urban Revitalization; and Barb Pahl, regional director, National Trust for Historic Preservation.

I'd like each of you to hold your remarks to 5 minutes, please, and if it starts to push 5 minutes, Kathy is going to be the time-keeper, and she'll do something when it gets close to 5 minutes.

Also, I'd appreciate it if you could address your remarks to solutions and, to some degree, in the context of what you've heard GSA say. We'll play this by ear. OK, Colleen?

**STATEMENT OF HON. COLLEEN McCARTHY, MAYOR,
HELENA, MT**

Mayor McCARTHY. Senator Baucus, I would like to thank you and members of the committee for allowing us to be here this morning and discuss our experiences with the General Services Administration.

As much as I'll try to keep my remarks to 5 minutes, as I was typing this up, I'm afraid I'm going to go a little over that. My experience over the past year has been quite interesting, and I cannot sum this up in just 5 minutes, but I can probably get it down to about nine.

Senator BAUCUS. Go ahead.

Mayor McCARTHY. During the past year, we have been extremely frustrated—

Senator BAUCUS. I hope you're not setting a precedent.

Mayor McCARTHY [continuing]. And concerned with a lack of communication, misrepresentation and action by GSA officials. I would like to state for the record that those GSA representatives currently residing here in Helena and working in the Federal Building have been most helpful and understanding. Our frustration lies mainly with those representatives from the office in Denver.

I became directly involved in working with the GSA representatives regarding the Helena Federal Building lease almost a year ago. As mayor, I received a letter informing us GSA was considering lease renewal options on the existing building.

During our conversation with GSA officials, it became apparent that they would be considering lease options on other buildings, and they could possibly locate outside the central business district.

On May 20, 1997, I sent a letter to Polly Baca, regional administrator for GSA, advising her the consensus of the Helena City Commission was that GSA aggressively pursue lease options with the current owner of the existing—

Senator BAUCUS. What was the date?

Mayor McCARTHY. May 20.

Senator BAUCUS. Of what year?

Mayor McCARTHY. Of 1997, last year. We also clearly stated in our letter that if the decision was made to move from the current building, that we wanted them to comply with the Executive Order 12072, and relocate somewhere within the central business district.

Between the dates of May 20 and August 1, correspondence between the Denver GSA office and the city of Helena continued through our acting city manager, Troy McGee.

In late July, city manager McGee received a request from Julie Millner asking the city for permission to issue an RFP to pursue a warehouse location outside the central business district.

Senator BAUCUS. Who is Julie Millner?

Mayor McCARTHY. She's one of a myriad of people with the GSA folks that we have dealt with, which I think I'll get to your point about who is on first base here in just a moment.

Mr. McGee brought the request to the city commission. The request, as Troy presented it to us, was for a storage-type building with few offices and minimal employees.

In the spirit of cooperation and wanting to be a good neighbor with the folks at GSA, the city commission granted approval for the RFP outside the central business district. Months after the approval was granted, we learned that those were not the intentions of the GSA.

Between the time that we granted the approval and around September 25, I believe it was, I had a meeting. I was requested—I received a request from the GSA office to attend—if they could come and speak to me privately, as the mayor.

At that time I told them I didn't make it a habit of having private meetings with anyone, actually, and that I wanted to bring other city commissioners; and I was asked not to have any of the other commissioners come to the meeting with me.

I then responded saying, I would not meet privately by myself, and that the city manager—the then-just-hired city manager, Dennis Taylor, and the previous acting city manager, Troy McGee, would be attending the meeting with me.

We met and had a discussion. What the discussion was involved with was the GSA came to tell us that they had—they felt that they could not find a suitable location within the central business district to house the Federal employees, and they wanted me to extend the boundary of the Executive order to allow them to go out for a show of interest. Outside that I was not in a position in that meeting, in that private meeting, to make such a decision. I am one elected official that has to serve the entire community, and I can't make decisions without concurrence from the city commission, that this issue would have to be brought publicly before the commission.

I also stated that this had been a very hot topic within our community and that I was not in favor of making this decision without having a public meeting and inviting, specifically, people from Hometown Helena Pride and the attorney's office that was representing the owner of the building.

At that point, they reluctantly agreed that a public meeting would be necessary. They were disappointed that I could not make a decision right then and there to extend the boundary, but we again explained that we do have open-meeting laws here in Montana and we wouldn't be making these decisions by ourselves.

So they agreed that we would have a public meeting, and we set that meeting for October 30. In the meantime we received communication—actually, I've gotten a lot of my information from my friends at the Independent Record. They'll call me and say, "Did you know that this is happening?" or that that is happening.

I, about the first of October, received information—actually, I got a question asking, with all the controversy around the Federal Building and those employees moving out, why on earth the city of Helena would agree to let the FHA and USGS move out of the building. My response was, "I don't know what you're talking about."

At that point we went back to Julie Millner and we said, "We did not give approval for employees to move out of the building. We gave you approval to go out for an RFP for a warehouse." At that time they said that our city manager had misrepresented their intentions to the city commission.

After numerous conversations with them, the GSA officials continued to insist that the city manager had misrepresented their request. The allegations persisted, and after we provided documentation outlining their request and the city's position, they still were insistent that Troy had misrepresented them to the commission and that they, indeed, had told him that both the FHA and the USGS would be moving out. That's not what we thought we approved. We thought we approved a warehouse.

So I'm telling you this as just one example of numerous situations that have occurred with lack of communication, misrepresentation, and misunderstanding.

The thing that complicated this and made this very difficult is we were then preparing for the community meeting we had October 30, and GSA came back and said, "The moving of the offices of the FHA and USGS have absolutely nothing to do with the lease of this building and the attempt to renew that lease."

So we are very confused at this point saying, you know, "Here you are piecemealing agencies out of that building. What will prevent you from, one by one, taking them all out of the building, and then we're left with an empty building?"

At that point they made a determination to try and help us understand that the lease of the building had nothing to do with what Julie Millner was doing.

So I will say on Julie's—on behalf of her defense, that since the time we had this extremely big misunderstanding, she has been in constant contact, numerous times, probably a dozen times, with our city manager.

We did designate our city manager as a single point of contact for the GSA, but we have heard very little from the folks at the GSA since we had the community meeting in October.

I want to just digress here a little bit to the 1970's and why this building was placed in this location. I think that it's imperative that my testimony clearly provide you with some factual data that will hopefully support a decision to aggressively pursue options that will allow the Federal employees to either remain in that building or at least in the central business district.

In 1970—in the 1970's, the city of Helena worked in cooperation with the GSA to locate a new Federal Building in downtown Helena. Here is a quote from the finding of facts from the Determination of Site Selection document.

It states,

The city of Helena is aggressively pursuing an urban renewal plan to revitalize the old downtown area and sees the new Federal Building as an integral contribution to their long-range goals. There has been no adverse reaction to the project in this local community. The proposed site is an example of intergovernmental cooperation to minimize socioeconomic impact.

I submit to you today that the Federal Building continues to be an integral contribution to our long-range goals in the community and the downtown area. I find it ironic that this has turned into the worst example of intergovernmental cooperation and communication that I have seen in my 8 years of serving this community.

During urban renewal, the city of Helena invested millions of dollars in the infrastructure to enable the construction and the placement of this Federal Building in the downtown. Street sys-

tems were redesigned and constructed, additional land was acquired to provide adequate parking, and sewer and water services were extended, much at local taxpayer expense.

Today officials of the General Services Administration are asking us to ignore the huge investment of tax money that has gone into the current building site. We simply cannot ignore the substantial investment local citizens and taxpayers made over 20 years ago all in the spirit of cooperation and trust with the GSA.

In 1976, President Carter issued Executive Order 12072. He believed that the Federal use of space in urban areas "shall serve to strengthen the Nation's cities and make them attractive places to work."

Currently officials of GSA are not keeping with the spirit of the Executive order. Repeated attempts have been made to extend the boundary of the Executive order with fully investigating the options available within the district.

GSA has repeatedly asked the city of Helena to allow RFPs to be solicited outside the district. We believe this action is in direct conflict with the order. An example of this conflict is reflected in the fact that GSA has given little consideration to the traffic problems that will occur if 300 people are located outside the central business district.

Even worse is the possibility of locating 300-plus Federal employees in an area that is currently experiencing severe traffic congestion and safety issues. GSA officials appear to care little about the potential traffic impacts and future infrastructure costs to the taxpayers in Helena.

Last, I would like to briefly discuss the situation regarding the existing building. In a meeting with the GSA officials on October 30, they stated the current lease arrangement was "a bad deal for government." However, they repeatedly refused to provide financial data as to why this lease was a bad deal for government.

On November 26 I was asked to address a group of concerned Federal executives currently working in the Federal Building. During this meeting, numerous employees expressed dissatisfaction with the location of the building in downtown Helena. However, many of those employees expressed serious concern with perceived safety issues of the structural stability of the building.

Currently, GSA officials are claiming to have documentation in a Merrick report that substantiates \$13 to \$16 million in identified improvements, including safety and seismic issues. However, the building owner hired an independent structural engineer who claims that the building is structurally sound.

The engineer identified only \$7 million in improvements in the same Merrick report, not \$13 to \$16 million.

As a result of these conflicting reports, and I will say all of this information has appeared in the press, so everybody reads this stuff practically on a weekly basis trying to figure out who's got the right story. Those Federal employees, your Federal employees, feel that their safety is at risk in that building.

I believe that the testimony you will hear today is imperative for—of all the testimony you hear today, it is most imperative that you address the safety issues of those Federal employees above all else.

No employee, whether they are in a high-risk industry job or a clerical position in the Federal Government, should feel their safety is at risk while on the job.

It is the recommendation of the Helena city commission that you require GSA officials to work cooperatively with the current Federal Building owner resolving the potential safety issues within the building and extending the current lease agreement if at all possible.

I would like to thank you for this time this morning. These issues are serious. The actions of GSA could have devastating impacts on our community. We are not Denver. We're not Houston. We're not even Salt Lake City. We're a small community of 35,000 people who still believe that their word is as binding as a legal document, and that government, whether at the local, State, or Federal level, is charged with protecting and preserving the communities we have all worked so hard to build and call home. Thank you.

Senator BAUCUS. Thank you, Colleen, very much.
Alan.

STATEMENT OF ALAN NICHOLSON, HELENA, MT

Mr. NICHOLSON. I'm going to paraphrase my marks. Colleen covered a number of the main issues.

My name is Alan Nicholson. I've lived in Helena since 1970, and for most of that time I've been a real estate developer and property manager here and in Billings. Most of our properties are in downtown locations. I'm a believer in urban development and redevelopment, and I'm happy to hear that Commissioner Peck is as well.

By the way, I'm wondering if you're the older brother of Matt Lauer at NBC. You look almost exactly like him. That's a compliment.

Mr. PECK. Yes. Call my mom.

Mr. NICHOLSON. I'm a former chair of the Montana Board of Public Education, a past president of the Helena Chamber of Commerce, and the immediate past president of the Montanan ambassadors, a group of State business leaders appointed by the Governor to make Montana a better place to work and live.

I believe government is our collective responsibility, that it is what we do together for the common good and that we should do it well. My wife and I serve in many public arenas and contribute significantly to Federal, State, and local taxes.

As it turns out, I have lands and buildings which would be suitable for a new Federal Building in the downtown area, but I agree with other community leaders that it is in our best interests and the best interests of the community for the Federal offices to stay where they are. I have been an outspoken advocate of that position.

I am disappointed and dismayed by the behavior of the General Services Administration, which apparently intends to ignore every Executive order issued by every president since Carter, to ignore the interests of the Helena community and its elected officials, to ignore the protocols of fair play and good business and to ignore the best interests of the government they serve.

I would say to you, Commissioner Peck and Mr. Prouty, if you leave here believing that GSA has put forward the best interests

of the government, has run like a business, has had meaningful interaction with the community, then you will leave here with the wrong impression. We have not done our job or we live in a different world.

I believe the Executive orders are quite clear in their mandate to request central cities to remain economically strong by locating Federal offices in the downtown areas wherever reasonably possible. As Colleen pointed out, the city did much to make that happen in 1970.

The city commission and other public bodies are on record and in agreement that it is in the community's best interests to have the Federal offices stay put. Everybody realizes that there are problems requiring remediation, and nobody wants the employees to work in an unsafe condition. We all agree on that. We know that some of the offices may need to locate elsewhere in order to maximize efficiency and to serve the public efficiently, but if the collected best interests of all parties are to be served, we understand everybody has to give a little in the compromise.

The GSA has routinely rejected efforts to compromise and negotiate. Even before any definitive request for proposals for a Federal Building in Helena, GSA asked the city to extend the boundaries suitable for a Federal Building well beyond the central business district.

Ordinary protocols of fair play and good business are out the window where GSA is concerned. The owners of the existing building found it necessary to publish a hefty volume to set the record straight after half-truths and outright breeches of verity, known around here as damned lies, were spread about by GSA officials.

So far as I know, GSA has not responded either to dispute the owner's effort to set the record straight or to apologize for playing fast and loose with the facts.

I submitted an alternative site to GSA in the central business district in the event that a reasonable solution could not be reached between GSA and the present owner. GSA thereupon publicly proclaimed that my site was not suitable and was polluted. I asked for an apology from GSA, to which they responded, "It is common knowledge of Helena citizens that the Great Northern site was once used as a garbage dump."

I pointed out that we had the benefit of two independent environmental studies which found that the site was neither polluted nor a garbage dump. In a subsequent letter, after my continued request for an apology, GSA denied ever having said it. Letters documenting this exchange are attached.

One does not expect a campaign of disinformation by the government in an area so far removed from the usual standards of political intrigue and national consequence.

All of this tends to sour one's respect for government at a time when those of us who still have vestiges of respect for government exist in ever decreasing numbers.

What should GSA do? I'm going to digress here just a little bit. I've heard, again, the bogeyman of competition and seismic issues here. With respect to competition, as a developer, I think I can safely say—and I think everybody in the room will understand this—you will not get a better financial deal than you will at the

existing building. You cannot build a new building in today's environment and lease it back to the government or anybody else for what a reasonable lease on that older building will be.

With respect to competition, if the Federal offices are not to be in that building, then it would seem reasonable for GSA to come to the community and say, "What other sites are available?" It's possible in this community that the city would even donate a site for that purpose in the central business district or that we could agree on a single site and reasonable price and have many developers come in and bid on that site.

With respect to the seismic issue, we understand that any building in this community has to be built to the new seismic code. I don't know what the remediation costs are up there. I know that the government's own study, when you add it up, says \$7 million, and GSA has been saying that it says \$13 to \$16 million. The study itself doesn't say \$13 to \$16 million. It says \$7 million. The engineer they hired up here said it would be a lot less than that.

We all understand and agree that seismic issues are important, but I want you to say to me, as well, that in the Seattle area, in the San Francisco area, in the Los Angeles area and other areas which are also in Zone 3, that you're going to pay the same attention to seismic issues, and that you're going to vacate buildings which do not meet the current codes in those areas as well.

So I think there are opportunities here for things to happen. I think what should happen is that the government should negotiate first on the existing building and should demand reasonable—offices which reasonably allow the government to undertake its duties there, including requirements for seismic issues.

If that isn't possible, then I think GSA should come to the city commission and to the city itself and say, "What other sites are available in downtown? How can we satisfy the issue of competition in a site downtown," either by offering more than one site or by offering a single site on which many developers can bid, and I think that's the solution.

I'm going to close by saying, many of us have wondered why GSA has acted so badly, why they've been so covert, so arbitrary and why they have behaved as though they are under siege by an enemy. Many theories have been batted about including unholy alliances between the administration and large developers, some political favor in need of repayment, a rebellion by GSA against government itself, and on and on. Some theories are more sinister than those.

The simple truth is that the behavior of GSA in this matter is so without a reasonable explanation that it begs a grand explanation.

For myself, I believe it is a combination of ignorance stemming from unchecked bureaucratic power and a determination to serve the wishes of local Federal department heads who want new digs, Executive orders and local needs be damned.

While I hope GSA, after this hearing, will behave more appropriately and in keeping with good public policy, I have no faith in it. This lack of faith from ordinary folks like me who believe in government and want it to work should scare the living hell out of folks like you who have dedicated a substantial part of your short

tenure on earth to this fragile experiment we call American democracy. It's failing. Thank you.

Senator BAUCUS. Thank you, Alan.

The next witness is Mark Kennedy from the city council in Billings.

**STATEMENT OF MARK KENNEDY, CITY COUNCIL MEMBER,
BILLINGS, MT**

Mr. KENNEDY. Thank you, Senator, very much. I'd like to identify very quickly, if I could, by standing up, the members of the Billings community that made this trek up here to Helena. All of us took time out of our jobs and businesses. Could you just stand quickly? Thank you so much.

Senator Baucus and members of the committee, I welcome the opportunity to provide testimony today regarding issues associated with the Federal procurement processes for office space.

I have been a Billings city council member for 5 years during two separate terms. I'm a Billings restaurant owner and a local businessman. I have owned a restaurant in downtown Billings and pride myself in contributing to the vibrancy of my community. With that experience, I feel that I'm qualified to represent this important component of our city.

In recent months the Billings city council and city staff have been involved in an important Federal Government decision that affects the future of the Billings downtown. A government decision was recently made to award a contract for the construction of a new Bureau of Land Management, or BLM, facility outside of the downtown area.

Despite repeated efforts of local leaders to urge the consideration of a downtown site, the General Services Administration, the GSA, acting on behalf of the BLM, has cited the requirements of the Competition in Contracting Act, CICA, as the reason for making a decision that deserts the downtown of the largest city in Montana.

I am here today to express my concern for my community, its downtown economy and a questionable future brought into play by the actions of these two agencies. Their actions have left a bitter taste in the mouths of many Billings residents, including some of our own Federal employees.

I first want to comment on the requirements of Executive Order 12072, an act signed in 1978, as you know, by then-President Jimmy Carter. At that time, he recognized the plights of urban cities and realized that the Federal Government must be a partner in the revitalization of America's cities.

This Executive order requires all Federal agencies to give primary consideration for their locations to central business areas. For the past several years, the city of Billings has been a partner with the Federal Government in meeting that goal. This has resulted in the recent completion of a new Federal office building in downtown on property previously owned by the city.

On this particular project, GSA Solicitation No. 97-15, something has gone awry. Initially, a bid for facilities in the downtown area was solicited with only the current landlord providing a bid for services. This response was not viewed favorably and it was determined that bidding should be opened for new sites throughout the

Billings community. The Competition in Contracting Act was cited as the reason that new bids would need to be solicited.

A meeting was held between Federal officials, Mayor Chuck Tooley, and our city administrator. Due to CICA, we were informed GSA had no choice but to open bidding up to sites outside of the downtown Billings area. This was the extent of the Federal Government's efforts to comply with Executive Order No. 12072.

A later letter from our city administrator asked for clarification of our community's rights, but the response was vague and, I think, incomplete.

As a city council member, I ask myself if a vote of the Council would have made a difference in granting our community more time in which to respond to the GSA situation.

We had a developer from Massachusetts which expressed strong interest in a downtown site. However, other than a 2-week delay, the BLM/GSA process continued until an award was announced between Christmas and New Year's. Merry Christmas, indeed.

Federal Executive orders and contracting law are unclear as to what is the right of a community to object to the competitive removal of 200 jobs from the downtown area. What is the extent of the duty of the Federal Government to respond to the local community? These jobs are an important component of the downtown economy. However, no accountability was ever made by the GSA/BLM as to the costs associated with their move.

We did see an unsubstantiated projection of \$9 million in savings over 20 years. "Savings to whom?" we ask. We in Billings anticipate a negative impact to local tax jurisdictions and private enterprise in an amount far in excess of the projected \$9 million savings.

We see local property owners lowering the rents of their facilities to compete with a new 56,000 square feet on the market. Some will ask for property tax value reductions affecting revenues of city government, county government, and our school district. Local restaurants that depend on a vibrant lunch crowd will lose, as well as locally-owned businesses along the streets.

I also want to object to a process that deliberately specked out the Billings downtown. The BLM/GSA proposal required the adjacent location of a wareyard facility. Next to an office building containing over 130 regional white-collar type workers, a warehouse work area was mandated to be included. This facility could not be located down the street or near the site, but must be directly connected and adjacent to the proposed site.

This requirement created a direct conflict with the city of Billings zoning code criteria. A wareyard facility is not allowed in the central business district, as is the case in most American cities. The wareyard would be a facility to store posts, cables, vehicles, horse trailers, and surplus.

I would liken this to the building of a Federal vehicle repair shop next to the Hart Senate Building in Washington, DC. The types of uses are incompatible and don't always mix.

Given this, the local city council was put in a situation of ignoring zoning laws and creating infamous spot zones to comply with the Federal specifications. Due to 35,000 square foot specifications for the wareyard, the BLM/GSA could not consider locating this material in an indoor facility. We did look at the basement of the

city library, but it was only 20,000 square feet. Nonetheless, we are confident that cooperative BLM, GSA, and the city of Billings' fine efforts can accommodate these requirements.

The city and private sector have been involved in a year-long process of planning for the Downtown Billings, or Everyone's Neighborhood, as we call it. Due to timetables, the BLM/GSA could not honor waiting for the completion of the project which was adopted by local governments just last December, the same month that the project was awarded.

Billings now has a plan, and government offices are an important part of it. In Montana where many jobs are with Federal agencies, how can they not participate in these local efforts? Isn't this contrary to the Executive order No. 12072? Our community has spent \$300,000 in local funding for this effort, so it is not something that we take lightly. The Federal Government has failed by not recognizing the importance we take in our downtown.

I have included with my testimony a financial summary of downtown taxable values which are part of a tax increment district. A tax increment district is an area of a community where taxes are frozen at a base level, and all new incremental tax value increase use proceeds to reinvest in the district.

In Billings' case, the district is our downtown central business district. We started in 1982 with an incremental taxable value of \$6.25 million. This rose to a high in 1991 of over \$11 million. Since that time, we have seen the incremental taxable value decrease to a little under \$6 million in 1997.

Some was attributed to tax reappraisals, but overall, a general decline in investment. Without continued reinvestment, the efforts of this community can be for naught. That is why the loss of a major downtown source of jobs and capital investment is so important. The evaluation of \$447,000 in annual projected BLM savings will be minuscule in comparison to the impact upon the financial vitality of downtown Billings. The Federal agencies did not take this into account; a major mistake when assessing total impact.

In summary, the city of Billings' downtown has received a major blow to its diligent planning efforts, its economy, and its downtown workplace diversity. Our neighbors and friends are being removed from the area in the name of a bottom line that disregards the environment around it.

As a city council member, I recognize the need to receive competitive bids, but I also recognize the need to award the most responsible bid.

Again, with cooperative innovation and planning of downtown Billings, we can accommodate both of those. Please just work with us.

The Federal Government in Montana is an important partner in securing the success and vitality of the downtowns of Montana cities. The process now being used is not fair, does not coordinate enough with local officials, and does not fully weigh the economic impacts. We have seen the challenges of our elected officials and our tireless volunteers go ignored by Federal agencies. As a city council member, I cannot accept the old adage, "There is nothing we can do." There is, and it starts here today.

The one request that I am making from myself and the community of Billings is a 1-year moratorium on any building projects with the GSA in the State of Montana because of concerns regarding this lack of coordination with local officials, and I also request a transcript of this hearing today.

Senator BAUCUS. Thank you very much.

Next witness? I ask you, also, to try to honor the 5-minute provision, which we've breached thus far. This is in deference to other witnesses, so ask questions. Mechelle Schultz, of the Downtown Business Association in Billings.

STATEMENT OF MECHELLE SCHULTZ, DOWNTOWN BUSINESS ASSOCIATION, BILLINGS, MT

Ms. SCHULTZ. Thank you, Senator Baucus. As the director of the Downtown Billings Association, I represent more than 183 member businesses. Our members include most of the retail shops, financial institutions, hotels, restaurants, museums and cultural services, professional offices, and service businesses in downtown Billings. The Association has been active in the promotion of our downtown over the past 40-plus years.

A corps of energetic and dedicated citizens have been working for 2 years to put in place a mechanism and a plan for the revitalization of downtown Billings. The 40-percent decline of property value and the estimated 15- to 20-percent vacancy rate for office space downtown has urged us to take action.

This comprehensive, long-range plan addresses many issues and takes into account the importance of all entities located downtown.

Downtown employees, including Federal workers, have been the mainstay of the downtown community, especially given the decline of retail trade and the oil and gas industry. Approximately 10 percent of our employment base is made up of Federal employees. Twenty-four percent of the space within a 14-block area is occupied by Federal agencies.

By taking away 225 BLM jobs and adding 56,000 feet of vacant space, the GSA is adversely impacting our downtown. The removal of the BLM from downtown exemplifies the effect that Federal agencies have on downtown areas across the Nation. BLM's departure from downtown will prove to be devastating and a step back in our revitalization efforts.

Since I am here to represent our downtown businesses, I would like to share some of their views on how the BLM and other Federal agencies impact their businesses. The following are just a few of their testimonies. Some written testimonies have been included in the packets that I've submitted.

I visited with the director of the YMCA. BLM employees comprise 50 memberships, which when translated to their family memberships comprises about 200 total memberships. The director of the YMCA has stated that these people are members because of convenience of location. They're approximately a block away. The loss of these memberships would result in a \$40,000 loss a year to the YMCA.

Travel West Inn is a hotel that is about a block away from the BLM offices. They said that 25 to 30 rooms per month for three to

5 days each are rented to BLM employees. That's a devastating blow to their business.

Raven's Down Under is a restaurant located within the same building as the BLM. If the BLM leaves, they will close their business, and three employees will be unemployed.

A Holiday convenience store, they say they'll lose \$10,000 each year. Our hotels downtown range from 20 to 25 percent of their group business is dependent upon Federal agencies.

The Billings Federal Credit Union, BLM is their largest Federal agency member. There again, we talk about convenience factor. They're located right by there. They feel that they will have to spend money to create a presence wherever BLM goes, and that some members will just take their accounts elsewhere because of the convenience factor.

These are just a few of the testimonies that I have received. As you can imagine, the adverse economic impact of BLM and any other Federal agencies moving out of downtown is great.

Our greatest frustration in our efforts to keep BLM downtown has been our inability to communicate with the GSA regarding its location decisions for Federal office space in the community. We've sent two letters that went unanswered in 4 months.

I finally received a letter dated February 4, 1998, from Ms. Poly Baca, who is a regional administrator for the GSA, who informed me that the lease contract for the building has been awarded, as it was in December 1997.

We have also sent an E-Mail through the International Downtown Association to the GSA in Washington, DC, approximately 2 months ago, and never received a response for that either.

Due to this lack of communication, we have been unable to offer our input in the bidding process or to demonstrate the negative impact of this decision on our community.

Today we request a 1-year moratorium on decisions relating to Federal Building projects in Montana. This moratorium would allow time for communities to offer solutions to the Federal Government on their building needs and appropriate location.

We want to work with the GSA and other Federal agencies in the manner outlined in President Carter's Executive Order 12072.

In closing, I refer to the words of Vice President Al Gore in his reference to the GSA's Good Neighbor policy. "Community revitalization, particularly downtown revitalization, only can occur if all the local stakeholders are involved. The President and I believe that simple measures like this one are concrete steps for reinventing Federal Government and creating a new way of doing business with communities. I ask that we work together to benefit the Federal Government, downtown, and the taxpayers of the United States."

Senator BAUCUS. Thank you, Mechelle.

Next, Barb Pahl, who is with the National Trust Historic Preservation, and who is visiting us from Denver.

STATEMENT OF BARBARA PAHL, REGIONAL DIRECTOR, NATIONAL TRUST FOR HISTORIC PRESERVATION, DENVER, CO

Ms. PAHL. Thank you, Senator Baucus. I know, and after all those things you said about Denver. I want you to know I get up here a lot.

Senator BAUCUS. What airline do you take?

Ms. PAHL. The only one I can, Delta, and I can quote you the flight schedule if you're interested.

I am the director of the Mountains/Plains Office for the National Trust for Historic Preservation. We are located in Denver. The National Trust was chartered by Congress in 1949 to promote public participation in historic preservation and to engage the private sector—

Senator BAUCUS. Barb, pull the microphone a little closer. Speak right into it. Try the other one.

Ms. PAHL. Did you get all that? I'm eating into my 5 minutes here.

Senator BAUCUS. Well, start again.

Ms. PAHL. I am the regional director of the Mountains/Plains Office for the National Trust for Historic Preservation located in Denver, CO.

The National Trust was chartered by Congress in 1949 to promote public participation and historic preservation and to engage the private sector in preserving our Nation's heritage.

The National Trust was a participant in helping to create the Executive Order 13006. On May 2, 1996, the Trust and the General Services Administration convened an Urban Issues Roundtable, attended by Commissioner Peck and acting GSA administrator David Barram, along with other nonprofit urban interest groups and historic preservation advocates.

Participants in the roundtable engaged in a dialog about national locational policies for Federal Buildings and to explore areas for mutual activity in the adaptation of historic buildings for contemporary Federal use.

Soon after the Roundtable, President Clinton signed Executive Order 13006 directing the GSA and other Federal agencies to utilize and maintain historic buildings and districts when making location decisions.

The GSA, and in fact each Federal agency, has a responsibility to protect and utilize historic buildings and districts. Importantly, Executive Orders 12072 and 13006, as well as the National Historic Preservation Act and the Public Buildings Cooperative Use Act expressly link the Federal Government's historic preservation responsibilities with an affirmative obligation to consult with and consider the views of local government, community leaders, and other interested parties.

Despite these mandates, the GSA has had an uneven record of community involvement and historic preservation. To its credit, in Savannah, GA, the GSA has involved local input early and often in a Federal courthouse project set in a historic district.

For example, the GSA appointed Savannah preservation experts as jurors in the "Design Excellence Program," competition that will select the architect for the project.

In Wilkes-Barre, PA, the GSA converted a historic brewery into a new 120,000 square foot Federal agency complex. The project is viewed locally as the foundation for economic revitalization of downtown Wilkes-Barre, and GSA is seen as a valuable partner in the community's redevelopment.

However, the GSA missed an opportunity to demonstrate the cost-effectiveness of preservation in a historic downtown area of Clarksburg, WV, when instead of actively pursuing a preservation solution, the GSA decided to consolidate Federal offices into a new building.

In Salt Lake, GSA proposes to construct a new annex to the Federal courthouse; and although the Federal courts will remain downtown, the project may have an adverse impact on several historic resources, including the Odd Fellows Building and courthouse itself, both listed on the National Register of Historic Places.

In Butte, MT, GSA is seeking to lease new space for their Federal Military Entrance Processing Station, which serves the State of Montana. This leasing action may result in the abandonment of the Federal agency's longtime home in the historic Finlen Hotel and relocation of the facility outside the uptown area, Butte's traditional commercial core, a historic district which is a designated national landmark.

We would like to make several recommendations that we think would help implement the goals of 13006. No. 1, President Clinton signed the Executive order in May 1996; however, 2 years later, the GSA still has not issued any formal guidance on how it should be implemented.

As the Federal Government's main landlord and real estate developer, it is incumbent upon the GSA to show clear leadership in realizing the practical benefits of the Executive order in the field.

No. 2, the GSA and all Federal agencies must systematically reform policies and procedures that impede the use of historic buildings for Federal office location.

Even though Commissioner Peck commented that GSA does not necessarily select locations on price alone, historic buildings don't often reach that level. They're sent out of the process early on because they don't meet the performance bids as set up by the Federal agencies.

The GSA employs an acceptable reinvestment level policy, which is unusual in terms of the public sector/private sector historic preservation activity in this country.

The GSA requires that renovation of historic structures must be 40 percent less than the cost of new construction. Whereas, in most cases we're just trying to be the same cost as new construction, not less.

They often require Class A office space. In most cases, in many communities like Denver, Class A office space, by definition, is a new building.

There is an interior-pounds issue that is often raised, that historic buildings cannot meet if they don't proceed through the process.

We also believe that, at the minimum, the GSA must require training for GSA staff and should offer training opportunities for

other Federal agencies to assure that the Federal Government meets its statutory historic preservation responsibilities.

However, more important, GSA should provide its own staff with the training and the guidance necessary to promote widespread use of practical, entrepreneurial real estate development methods that have made the rehabilitation and adaptive use of the historic buildings a successful tool for downtown revitalization by the private and public sectors all across the country.

Finally, we recommend that Congress codify Executive Order 13006. There is a bill in Congress introduced by my congressman, Congressman Joel Hefley from Colorado. It's H.R. 1522. It's part of the Historic Preservation Fund Reauthorization, and it includes the language of Executive Order 13006. We support this bill.

Senator Baucus, thank you for this opportunity to testify.

Senator BAUCUS. Thank you, Barbara.

Jack Lynch, chief executive, Butte-Silver Bow.

STATEMENT OF HON. JACK LYNCH, CHIEF EXECUTIVE, BUTTE-SILVER BOW COUNTY, BUTTE, MT

Mr. LYNCH. Thank you, Senator. This microphone provides me with an opportunity, since everybody has been so serious today, to tell you a little story.

Recently I was out giving a welcome at the Montana Tavern Owners Association at the Copper King in Butte. As I got up, the microphone had given some problems, and the Tavern Owners Association was gathered all around the side of the very large conference center there. They have all the vending machines, the poker machines, and all the wares for video gambling on display, and the Tavern Owners are playing them.

They also had all of the beverages that are available for consumption in local taverns available there on a sample basis, so it was a very happy-go-lucky crowd. I came in. I spoke for a couple of minutes of welcome. I finished my comments, I stepped off the podium, and one of my assistants who was with me on the way to another meeting said, "Jack, the microphone didn't work. We never heard a word you said."

I didn't go two feet further when a local tavern owner came up to me and said, "Jack, that's the best speech you ever gave."

I think that deals, in a sense, with perception, and I, first of all, very much want to express my appreciation to you, Senator, for scheduling this meeting here and for identifying what has the potential to be a serious problem for a lot of communities in this State.

I also want to thank the representatives from GSA for being here. I don't want to give the impression I'm piling on, having been in the situation that you now find yourselves in, myself, on previous occasions, but I do think that what you've heard today is something that should concern you.

I think that the exercise we've gone through in Butte-Silver Bow, which Mrs. Fine will detail, is an excruciating chronological history of our interaction with the GSA, and it's something that should cause all of us a great deal of concern.

Those of us that are elected officials, our ears pick up when I hear the commissioner talk about tax, fair accountability, respon-

sibility, the best deal, for those are also the guidelines that we work under as local elected officials; and oftentimes without the vast resources of the Federal Government, it's every bit as challenging, or equally challenging, to make ends meet.

The difficulty we've had in our community is dealing with the GSA. And as I sat here and listened to all the comments—my written testimony has been submitted, and I'm deviating from that to the greatest extent possible—

Senator BAUCUS. I can tell.

Mr. LYNCH. I just wanted to comment on what I heard today and some suggestions that might improve this interaction between local communities and Federal Government, and in particular, the GSA.

As I sat and listened I thought: What can this be likened to? The image that I conjured up, and I hope everybody has had an opportunity to see it, is National Lampoon's Vacation. In that movie, and I hope you've had the opportunity to see it, Senator, the Clark W. Griswold family was going to Wally World, come hell or high water. The whole movie is about the efforts of this family to get to Wally World, regardless of the difficulties they encounter. And it was the most circuitous and convoluted and circumvented way to get to a destination that one could ever undertake.

It's a humorous movie, but there's a point in my reference to it, and that is the fact that in this exercise of citing Federal lease facilities in our communities, the GSA has become our Clark W. Griswold. We have a sense that you know where you're going, and regardless of what you have to drag our communities through to get us there, that is where we're going.

It's a concern to us. I think in large part, it's concerning because, perhaps, being as distant as you are, you don't recognize the impact of these Federal facilities in our communities. They're important. They have a great economic impact, and in the case of all the communities, in preservation of our historic districts, they're critical that we maintain, to the best of our ability, the integrity of those districts and continue to operate those Federal facilities in those districts.

I feel like the odd man out here in a sense because at least in Billings and Helena, I heard that the GSA spoke to local officials, local elected officials. That is not the case in Butte. At no time until today had I seen anybody from GSA, and you really look normal. I had expected, given some of the things I had heard in the courthouse about the GSA, that I could expect to be dealing with monsters, and I don't think that's the case.

I am particularly interested in focusing on some of the comments of Commissioner Peck as he opened relative to responsibility to the mission of the GSA and to the commitment of small towns across America and to communities, large and small.

I echo everything you said, I support everything you said, and I'm in complete agreement with everything you said. The responsibility and the task you have at hand is to take that mission statement, to take those Executive orders, to take that compliance, to take that idea of concern for communities and have that mission statement brought to fruition through the GSA.

The only other thing I'd add to the comments that have been made is that in our community, you need to understand the history of the community to understand the struggles we've gone through.

Our community is a very old community. It was founded in 1864 by nine miners from Bannack and Virginia City looking for silver. Subsequently, we became the leading mining community for copper in the United States. We take great pride in the fact that we contributed significantly to the industrial development of the country, to the electrification of the country, and to providing the basic materials for all of our wars.

As a result, we've had some extremely difficult times. We lost underground mining when all of the mines and all of our smelting operations were closed, and overnight, our community and our sister community of Anaconda lost 5,000 blue-collar jobs. We had 20 percent unemployment. We lost half of the taxable value of the community.

Since then we have struggled. We're at a point now where every economic indicator in our community is pointed straight up. We are, although this isn't the forum, the site of a new \$520 million polysilicon production facility that has potential for our community much like the mining that took place in the last century; but it hasn't been easy.

We have struggled against odds. We have looked at diversity everywhere we've turned. Throughout it all, we have attempted to maintain the integrity of our historical district.

We now find in our dealings with GSA that that effort and that work and those hard undertakings seem to fall on deaf ears.

One thing I point out, and I point this out in closing, but again, in our community, the most difficult things to deal with—I think there are two things. First of all is the family of the complex who is here today who have invested, for a number of years, significant dollars in making that a suitable facility to house the Military Entrance Processing Station.

If we look at the activities of the processing station in terms of their quotas and their goals is the fact that it's one of the best stations in the country for what it does, I think speaks to the facility they're in. I think the fact that there are no less than six of those MEPS employees here today to observe these proceedings and to offer their support for the existing facility also says something about the quality of it.

In addition to the financial commitment that the family that owns the complex has made, they have also invested countless hours of sweat equity in making that facility what it is, and I think, too, in terms of the partnership that's been proposed in an effort from the community's perspective, recognizing the importance of that uptown location and the effort that's been ongoing to make it suitable for Federal use, we offered early on to make \$400,000 available in the form of a low-interest loan to the family that ran that complex in order to meet all of the requirements that the GSA set forth.

My understanding is that those efforts, as well as the money, didn't impress GSA and they went about on the track that they had established for themselves to locate that outside the uptown.

And I'll confuse you further; when everybody talks about their historic districts, they talk about the downtowns, and we talk about our uptown. But we wanted to maintain that complex in the uptown area. We expressed a willingness to partner with the landlords to satisfy the GSA, and it didn't work.

But my only suggestion would be that the agency do what I heard the Commissioner say at the beginning of his presentation, and that is, adhere to the mission policy, comply with the Executive order, and work with local communities in determining where those facilities could be cited.

I think, then, none of us would have to participate in what I referred to earlier as a sense of fighting on, because we don't want to do that. We want to work with the Federal Government. We want to establish partnerships that work for the benefit of all of our communities, and we want to see that those Federal facilities and those Federal employees, whose future and location is so certain, don't have to deal with that uncertainty and those questions.

Again, Senator, my sincere thanks for bringing everyone here; and to your folks from GSA, we truly do appreciate your being here, and hopefully we can all benefit from this experience.

Senator BAUCUS. Thanks a lot, Jack. I appreciate it very much.

Next is Colleen Fine, the director of Urban Revitalization in the city of Butte.

**STATEMENT OF COLLEEN FINE, DIRECTOR, URBAN
REVITALIZATION AGENCY, BUTTE, MT**

Ms. FINE. Good morning, Senator. Thank you for giving us the opportunity to speak before you.

I'm Colleen Fine, the director of the Urban Revitalization Agency in Butte-Silver Bow.

The URA is a tax-increment district specifically designed to assist economic development activities which lead to continued promotion and development of the URA. The URA is included in the Butte National Historic Landmark District.

I apologize that my comments are not solution-oriented, but they're important to document our efforts at implementing a Butte-Silver Bow Good Neighbor policy and the way we were treated as a result of that.

It is my understanding that the MEPS leasing process began in September 1996, although Butte-Silver Bow officials did not participate in this process until September 1997.

On September 25, 1997, I was introduced to GSA officials at a meeting in the Federal Courthouse in Butte. The meeting was convened at our request to discuss Butte-Silver Bow concerns relative to the leasing process. During the meeting, I expressed our displeasure at not being involved in the process to that point.

As Jack pointed out, we were never contacted. How GSA determined our central business district, we don't know. They didn't contact us. So our concern was our not being involved and the lack of adherence to the National Historic Preservation Act and Executive order and at the process in general.

After a lengthy meeting with GSA and MEPS personnel, Butte-Silver Bow officials, State Historic Preservation Office, and the National Trust officials left the meeting with the following under-

standing. We attempted to work with these folks. We met with them. We left the meeting with this understanding:

GSA would work closely with local government officials in the process; GSA would reopen and readvertise the MEPS' leasing in the National Historic Landmark District providing clear indication that the buildings in the National Historic Landmark District would have a preference and detailing specifically what that preference was; GSA would allow local comment on the SFO; GSA would request that MEPCOM reconsider criteria considered to be detrimental to historic structures; and GSA would provide a detailed explanation when a historic structure was excluded.

The meeting concluded with the agreement that the next step taken would be a written review of the SFO by Butte-Silver Bow officials. Following the September meeting, GSA actions were completely contrary to the promises they made. GSA said they would work closely with local government officials in the process.

GSA officials kept Butte-Silver Bow staff completely in the dark. Butte-Silver Bow initiated virtually all communication regarding the leasing process. Phone calls to GSA were not returned. Requests for information were completely ignored.

By early November, Butte-Silver Bow had not heard anything from GSA, either by phone or in writing, regarding our comments on the SFO or what the next step would be. I sent a letter expressing my concern that local officials had not heard from GSA. That letter was not acknowledged, and the phone calls again were not returned.

At that time, I sent it over to your field office in Butte for their assistance. It was only through their intervention that Butte-Silver Bow learned what was going on. Again, we were promised better communication with GSA.

For nearly a month we heard nothing from GSA. Then on December 16, 1997, I learned that GSA was conducting a market survey tour in our community. This news took me completely by surprise. I had no idea what GSA was doing or what their process would be, but quite obviously, Butte-Silver Bow staff were not asked to participate.

I contacted GSA immediately but the leasing agent was not available and did not return my call. On Wednesday, September 17, I again attempted to contact GSA regarding the schedule while in Butte. The leasing agent was out and I left a voice mail expressing my concern. I attempted to contact her supervisor, but was not successful.

I then contacted that supervisor's supervisor. The secretary took a message and said that he would call me back. When I left work that evening, I had not heard from GSA. The next morning I called again, and the same secretary asked me for my name. I stated that it was Colleen Fine from Butte. She told me that the leasing agent would be calling me back.

Her tone and response indicated to me that my name was marked and I would not be allowed to speak with higher level GSA officials.

When the leasing agent finally called, she stated that it did not occur to her to include me in the market survey tour since I knew the buildings in Butte so well. I reminded her of GSA's promise to

work with local government. I felt she was specifically excluding me.

The market survey tour was scheduled for December 23. She stated she could not change that. After considerable juggling on our part, Butte-Silver Bow was able to have a staff member attend the market survey. However, GSA's treatment of that staff member was incredible.

Mark Reavis, our historic preservation officer and staff architect, was not allowed to communicate with MEPCOM officials. The leasing agent specified a time and place for Mr. Reavis to meet the tour. His offers of a Butte-Silver Bow van and chauffeur services were refused.

During the tour, Mr. Reavis would be prevented from having any personal contact with MEPCOM officials. He was kept physically separate from everybody else on the tour. He was not allowed to have a cup of coffee or go to lunch with the people on the tour. He was not allowed to know what the sites being reviewed were until just before the scheduled time. The irony of this is that both Mark and myself knew every single location independent from GSA prior to this tour being scheduled.

As the designated representative of the hosting local government, his treatment by GSA staff was rude and demeaning. The contempt GSA felt for our attempt to be involved was palpable in that market survey tour.

GSA promised it would reopen and readvertise the MEPS leasing in the Landmark District while providing clear indication that the buildings in the National Historic Landmark District would have a preference and detailing specifically what that preference was.

I left the September meeting with the clear understanding that GSA would work with Butte-Silver Bow in this process. Butte-Silver Bow would provide mailing labels from our own data base, and GSA would produce a mailing to reopen the process for buildings in the National Historic Landmark District.

This was agreed to because GSA, at its own admission, did not provide adequate notification of preference for the Historic District. I requested the opportunity to do a joint mailing with GSA. I wanted documentation of the URA's financial commitments to be included with the document GSA was preparing.

When I wrote about the joint mailing, a GSA official called me and told me GSA would not be doing a mailing. GSA stated that any mailing would be done by Butte-Silver Bow, but GSA would provide us a flier.

This caught me completely by surprise since at no time was this ever discussed or asked to—they didn't ask us to do this. Given the extremely short turn-around time for this process, as well as the upcoming holiday, I felt the best thing to do was to continue in an attempt to try to work with GSA.

The flier was received in the form of a fax and, as such, was not suitable for distribution. It was retyped verbatim. The flier was duplicated and sent to property owners in the district by my agency at our expense.

Additionally, my agency, DURA, placed an ad in the local paper indicating that lease space was available and for individuals to contact us for further information.

The deadline for submission was set, the fliers were mailed, and the ad ran. This process provided developers with 12 days to respond. That included the Thanksgiving holiday and weekend.

GSA promised to reopen and readvertise the MEPS leasing. GSA may have allowed new proposals from outside the district to be included as well. My understanding from the meeting in September was that only sites in the National Historic Landmark District would be considered since this area was not given adequate notice of the preference.

Every time these points have been made to GSA, the result has been increasingly more detrimental to the Historic District.

GSA did not produce a mailing, did not prepare fliers, and did not advertise in local papers. Butte-Silver Bow performed these activities. GSA pledged it would allow local comment on the SFO. Butte-Silver Bow was allowed to comment but those comments fell on deaf ears at GSA. These comments were acknowledged by GSA and dismissed out of hand. We have no documentation that our comments were passed on to MEPCOM, and if they were, we do not know how our comments were portrayed.

GSA stated it would request that MEPCOM reconsider criteria considered to be detrimental to historic structures.

Butte-Silver Bow does not have firsthand knowledge that our comments were passed on. GSA's summary of MEPCOM's response was that MEPCOM believed they offered adequate concessions and would not consider additional modifications.

GSA stated it would provide a detailed explanation when historic structures were excluded from consideration. To this date, this has not happened, though I do understand from several developers that their buildings have been excluded.

My main concern regarding this process is the lack of trust local officials now have regarding GSA. This is a direct result of the tactics employed by GSA staff.

Montana has one of the most liberal, open government philosophies in the country. This idea is an overriding tenant of our constitution. Those who operate the government in Montana are used to open, honest, and critical review of our work. Both the Montana Open Meeting Law and the Montana Open Records Law indicate that citizens of this State want to be well-informed regarding the operation of government at all levels.

This does not work well with the type of operation conducted by GSA in our instance. Local officials and citizens, as well, have been kept in the dark, treated in a less-than-respectful manner and have literally had to beg to be included in the process.

When Butte-Silver Bow first became aware of this project, all local government officials wanted was to ensure that all regulations were followed and that the National Historic Landmark District was given a fair opportunity on an even playing field. That very opportunity is provided for by Executive order.

It may very well be that this is an above-board process. Unfortunately, it is very difficult to believe, given the prejudicial treatment of local officials in the National Historic Landmark District. The more Butte-Silver Bow has asked for involvement, openness and honesty, the more secretive and hostile the response has been. At

this point in the process, it is clear that GSA has completely lost its objectivity and sense of fairness in Butte.

One of the major goals of our recently revised and adopted Community Master Plan is the continued redevelopment of uptown Butte. As an economic development objective, it serves several vital purposes. The strength of any local economy is mirrored in the treatment of its older urban areas. How we treat these areas reflects our values and hopes.

Uptown is a living, breathing, vital place indicative of the spirit and heart of this community. Ensuring its strength is the first step in maintaining a strong local economy. The Federal Government has a unique opportunity to create a mutually beneficial partnership along with local government officials and private developers.

This partnership would allow the Federal Government to significantly address community goals. The opposite consideration is equally dramatic. If the Federal Government chooses to leave the uptown, the perception left would be one of abandonment. I think this is exactly the wrong kind of message the Federal Government should be sending about the very heart of our community.

As the Director of the URA, the economic development office for the Butte National Historic Landmark District, I am not now, nor have I ever asked for special consideration. I am asking GSA to honor the promises made to our community. I am asking for a fair process utilizing objective, quantifiable and justifiable criteria available to all parties beforehand in a written format.

For this project in our community and for future projects throughout the country, my sincerest hope is that the Federal Government seeks to secure space in a fair, open and honest manner allowing for all parties concerned to meet their mutually agreeable goals.

Senator BAUCUS. Thank you very much.

I'd like to ask each of you—we don't have much time here, so I urge you to be very brief—to react to any of the comments that either Commissioner Peck or Mr. Prouty made that are constructive, to kind of help resolve the current problems and set up a procedure, or follow-up procedure of some kind so we can minimize any future potential problems.

You heard the testimony and you heard some of the questions I was asking. Here is a chance for you to react to any of that in, obviously, a constructive way.

Mark.

Mr. KENNEDY. There's lots I could probably respond to, but I think the thing that jumps out at me right away is, as I look at the Good Neighbor policy we have in front of us that we're trying to work with here, it talks about local government officials. I think in our situation, we had a little bit of a dropping of the ball by a local official who was a staff member, and not an elected official, and I took exception to that. I've done what I can to try and correct that situation, but I think the term "local official" is too broad.

The Mayor from Helena, I think, also expressed that we're elected officials. We are the ones that do take the heat. A staff member who is no longer on the staff is gone now, and that person isn't accountable anymore. That's a frustration that I have that I've seen throughout this whole process.

Senator BAUCUS. I appreciate it.

Anybody else? Colleen.

Mayor McCARTHY. I just wanted to say that we have established a single point of contact within the city, which is Dennis Taylor, our city manager. All correspondence is to go through him. He has been speaking regularly with Julie Millner, who was working that issue with the FHA and the USGS moving out, but she is not the person responsible for working the issue of the lease, the long-term lease and extension of the boundary. We didn't know until today that Malia Ringler was that contact person. I don't believe I've gotten any, if anything, maybe one call since October. There's no followup.

Senator BAUCUS. That's a good point. She's basically saying that Helena has one contact person, and the GSA should have one as well who can speak with authority. That's a good point, so the right hand knows what the left hand is doing. That's a very good suggestion.

Ms. FINE. I guess in our case I'd like to point out that, had the leasing agent contacted local government right away, she would have learned that this is one of the larger National Historic Landmark districts in the country, which would have completely changed the tactic.

When they defined the boundaries originally and created this Federal business district, and then they kept going even larger and larger, had they stayed within the Federal business district, provided adequate notice of the preference for historic structures, we wouldn't be in this larger area.

So had they contacted us, and even had they contacted SHPA, the State historic preservation office, we wouldn't be in some of the painful things we're in right now.

Senator BAUCUS. Any other suggestions?

Mr. KENNEDY. One thing a business might do in this instance is, it's possible to reassign some new people without the prior histories to these efforts to communicate with local government and people in the downtown areas. I think that could go a long way toward smoothing over some of the efforts, and to make a clear and overt attempt to begin negotiations and discussions with the city governments; and I think that will result not only in a politically sound decision but will result in a better deal financially for GSA and the government.

Mr. SCHULTZ. I guess I'd like to add, though, to what everyone is saying, that what we need is to sit down and talk about this. We need to talk about BLM, but we need to talk about other Federal agencies that are affected. We'd really appreciate that.

And also, any further decisions on BLM, I guess we need to find out where you specifically are with that.

Senator BAUCUS. OK. I think that this has been very helpful. I want to thank you all very, very much for your help here. We're making some progress. At least I hope so. I can feel it starting to gel a little bit here. Thank you again. If you don't mind, Bob, Paul, if you would come back again.

[Recess.]

Senator BAUCUS. You've heard the testimony of those folks that are directly affected, obviously doing the best they can representing

their communities under somewhat difficult circumstances. I'm just curious what you've heard—what you've learned and what we might do to, from your perspective, resolve a lot of this.

Mr. PECK. I'll try to be real brief. Obviously, I'm concerned about what I'm hearing because if even—obviously, people have different sides here, things different ways; but what I hear is that we have not, in these three communities, met our own standards in dealing with the public.

I'm very disappointed because I have—my family has a very long tradition in government and in the military, and we have a very high public service standard. I'm very personally distressed when any action with which I'm associated and with which GSA is associated helps create a lack of confidence in the government, because I have a strong feeling, as do apparently all people on the panel, that government is here to help people, and that's our job.

I will say this. I have a couple of suggestions. No. 1, I should also note that having seen National Lampoon's Vacation, I hope I'm not being compared to the grandmother who passed away and was carried on top of the station wagon for 700 miles.

Senator BAUCUS. How about the dog?

Mr. PECK. I was afraid of that. And I prefer Matt Lauer to Chevy Chase.

[Laughter.]

Mr. PECK. A couple of things. One is, I think Mr. Kennedy just brought up an issue which, by the way, we have been concerned with. It is why you can't set hard and fast rules. One question is, who are the local officials with whom you should be in contact?

I think one of our problems, as I understand it, in Butte may have been talking to one local downtown group and not another. That's not an excuse. We have said to our folks, and we're trying to do training on this with people who have not been active in civic affairs, that there are a lot of players, stakeholders, in downtown. That includes elected officials, appointed people, downtown business groups, Chamber of Commerce, Historical Preservation groups.

There are lots of people to touch base with, and you've got to touch base with all of them. That's something we need to do a better job on.

The second reason you can't do a one-size-fits-all, in some areas we've been told "It's only the mayor you can talk to." In other places we've been told, "Don't bother the mayor. Talk to the planning director."

So it's our job to find out who it is that the city wants us to work with and who else we should be talking with. We clearly need to do a better job of figuring out who is—who it is we should consult with. I mean, you can consult widely and not narrowly.

Although the Federal constitution doesn't have the same kind of open-meeting requirements that Montana has in its State constitution, we clearly believe that we should operate in the open and that we need to involve people openly as much as possible.

Two other suggestions, and then I will turn it over to Paul. One is that it is very important to us, and we have realized this. I can tell you that in every situation I've found in which there is some difficulty, one of the problems we've had is that the local—that our

local officials often—and I think in the interest of doing their job, without bothering other people, tend to go to meetings without the clients around, our Federal agency clients. It only helps engender miscommunication when we don't have the actual folks who are setting the requirements also sitting down with us and with local people saying, "Here's what's going on," for two reasons.

One is that the clients need to hear directly what the local people think, and local people also need to hear directly what the Federal agencies are talking about. Sometimes I know when an agency says, you know, "I can't meet this requirement in the historic building," the historic folks can say, "I'll give you three instances where it's worked. Why don't we go take a look and see if it would work here." I think that's a suggestion.

Finally, it's interesting, you know, Senator, being in Washington. I go places, and when I go to meetings in California they are also convinced that Washington is not at all concerned with California.

One of the things we have done to try to make that better is to devolve as much responsibility from Washington out to the region so at least we don't have the way the government used to be some years ago where everybody was always calling Washington to get permission to do something.

We tell our folks they don't need permission to do something. They really need more permission to say no. And saying yes is what we really try and get to.

I do understand. Montana is a small State. It can feel isolated. None of us wants anyplace in the Union to feel that way, and it is incumbent upon us to do a better job, particularly with small towns where we don't have the presence of all of our forces, all of our leasing people to get the job done.

One thing I would like to turn over to Paul Prouty to talk about is the question of how we proceed from here, specifically with respect to some of these suggestions. We don't want to try to get into a point-by-point rebuttal. We want to not completely forget the past. We don't want to start from zero, and we don't want this to take any more time than we have to, but we do want to figure out how we can make a cleaner start.

Mr. PROUTY. I've found this to be very informative. I've been in this office about 6 months. My sense is that we have a problem. That certainly has been magnified today. I felt like the dog there for awhile, but out of these kinds of situations come opportunities, and I think there is tremendous opportunity here.

I think we were a regulatory agency before and we're not anymore. We didn't intentionally go out into the communities to talk to people because we didn't think that was our role; but for now in the business, it is our role and it is our responsibility and we're going to do it.

In Billings we've made an award. We have a legally binding document. It is subject to litigation. The only commitment that I can make in Billings is, henceforth, we will talk to whomever you want and we will put somebody on it right now and we will have a discussion.

We can't go back, but we can go forward. We have a lot of people going up there often and we will get your name to somebody. If you give us the name of a contact, we'll start meeting with you.

In Butte—I don't even know what to say. We will have probably a different player. We will have a MEPS contact probably from Washington, a decisionmaker, and we will have one of our senior officials meet with you. We'll all get in one room and find a way to work that out.

In Helena, I absolutely agree. We're probably going to need some help with the negotiations, and the city may be able to do that. We will decide very soon what that looks like, and either Sandy DiBernardo, who is right out here, or I will come up and we will start those discussions and we will do something that makes sense, although for the life of me, I wish I knew what it was.

Some of it sounds very simple, but we have a challenge here. We need to get better information. As far as the seismic, we need to start talking turkey here, so we'll do that. If I can get, contact you or whomever, my office will contact that person and we'll start that discussion and set somebody in place who is a decisionmaker to make that happen.

My commitment to you is that we also will get the agencies. There are a lot of agencies that have a lot of particular problems on where to locate. All of us have diminishing resources, so we're going to—you'll probably be seeing a lot of them too, but I hope some of them are here. If the MEPS people from Butte are here, you can help us out as well.

Barbara, finally we have identified a person who is our primary contact for historical preservation, Lisa Purgey. She has a real strong bias, and that's why we put her in the job.

We want to do the right thing. Those are my particular commitments. My long-term commitment is, it's a lot more fun when you have good partnerships and good relationships. This has not been a lot of fun for me today. It's been a learning experience. We're going to do better. I'm available.

This move has not been the easiest one I've had to make because we've changed jobs, locations, had a baby, a new house and all this stuff, but I'm ready to do it. We'll get started.

Senator BAUCUS. When do you think you can get the meeting put together with GSA and MEPS?

Mr. PROUTY. We aren't quite as stupid as we've been portrayed, although I would certainly wonder on occasions, but I called MEPS before I came here because I said, "I know what's going to happen here and I know you're playing in this one." They agreed that we would talk when we get back to the office tomorrow and we'll set it up. We're talking a couple of weeks on all these, to get them started.

Senator BAUCUS. Can the public be involved in that at all?

Mr. PROUTY. Sure. What the hell. I'd like to have them hear this, too.

Senator BAUCUS. You can put out a public notice.

Mr. PROUTY. What I need to do is I just need to talk to the MEPS people and talk to city officials and find out when we need to get somebody there.

Senator BAUCUS. Colleen was speaking about Urban Renewal and how much this part of Helena has changed. It's true. The street out here, Cruse, it doesn't go anyplace except the Federal Building, basically.

It was designed and built for that purpose. It is very expensive and there was a lot of infrastructure that was built here for that purpose on the realization and the hope and promise and expectation that the Federal Building would be here, and that's what created the need for all the infrastructure. It's very—it's a very important point, and I hope you realize how unfair it would be to just pull out lock, stock and barrel.

Mr. PROUTY. I must tell you a side issue. I knew I would live long enough—I was one of the ones that took a beating when we had the fiasco getting the Federal Building here. I knew I would sit in a meeting sometime before I died with somebody saying how wonderful it is and how we must stay.

Senator BAUCUS. Another question I had is about BLM and wareyards. Does BLM always require a wareyard?

Mr. PROUTY. We asked that question as well. They were the ones who held firm to that requirement. That's not the only offset or requirement. I think it's four to six or something. We pushed real hard on that to make sure it was a legitimate requirement.

Mr. PECK. Let me tell you what we have done in other cases. Again, I won't name the agency, but one of the advantages of being a national organization is when an agency does ask you about, say, they have a certain requirement. We have had negotiations in which I've said, "Well, I've checked around our regions and discovered that," for example, in one case an agency in Region 1 said they would only locate downtown. At the same time, they were trying to tell us in Kansas City that they couldn't be in the downtown area. So we sort of were able to shed some light on those things.

Those are very difficult, and like I said, you're always trying to figure out, do you have a real requirement or is it a subterfuge for some preference which we're not allowed to take consideration of.

Senator BAUCUS. Barb Pahl mentioned that no guidance has yet been issued under the Executive order. Is that coming soon?

Mr. PECK. The guidance under 13006—

Senator BAUCUS. Is that seismic?

Mr. PECK. No, the historic preservation. We have interim guidance. We issued some interim guidance, we call it, on Executive Order 13006 to all of our people, which also incorporates, again, the downtown policy in general, and then makes it more specific about historic buildings.

We've not made it final, quite honestly, because I haven't seen a draft yet which makes me confident that it will do the job. What we have done is taken the interim guidance out and started training our employees on it.

Second, Barb also mentioned that under 13006, we are required to review—all Federal agencies are required to review their policies to make sure they don't have restrictions in their rules, like on our solicitations, that would, for no good reason, not give historic preservation our consideration.

I will say, very honestly, I'm in charge of this agency. I have kicked back a draft that I saw because I thought it was namby-pamby and wouldn't do the job. It's being rewritten at the moment. I'm hoping to see another draft in a week or two, but I'm not going to sit still for something that gives lip service. So that's why we don't have the rules yet.

Senator BAUCUS. What about having a designated single person fairly high up that Billings and Butte could talk with, etc.?

Mr. PROUTY. I'm going to get cards. I can see them coming out already, and we will call.

Senator BAUCUS. One thing I would appreciate very much is if you could both, Commissioner or Mr. Prouty, keep me informed on a regular basis in writing of how the three projects are coming along. Obviously, the sooner we can resolve this, the better.

Mr. PECK. We'll do that, yes.

Senator BAUCUS. Or call me personally. In fact, I'd appreciate that. I'd like a personal call if you could.

Mr. PECK. I'm up in front of your committee from time to time. I can't avoid you.

Senator BAUCUS. Give me a call.

Mr. PECK. I will.

Senator BAUCUS. Thank you very much. Anything else you want to say?

Mr. PECK. No. I'd like to say that, as always, I do spend a lot of time traveling, because you always have to get—Washington is the last place you're going to find out what's happening, and it's important and hopeful and helpful, as always, to be out in the country and find out what's going on.

I would also like to say I was very impressed with the panel, people who are devoted to downtown development. I must admit I'm an easterner, and it's wonderful to see people in a State like Montana, which we don't consider to be a terribly urbanized place back where I come from, to have so many advocates of good urban development and planning.

Senator BAUCUS. OK. Listen to them.

Mr. PECK. Absolutely. It's great.

Senator BAUCUS. As I said at the outset, I don't want to go back and rehash who said what and so forth, rather, just to move forward and get these problems resolved and hopefully set up a better system under which GSA really consults with and talks with people here in our State on a much better basis than you apparently have in the past.

Mr. PECK. I would like to come back next year for some celebration of successes.

Senator BAUCUS. That would be very welcome. Thank you very much. That concludes the hearing.

[Whereupon, at 12:40 p.m., the committee was adjourned, to reconvene at the call of the chair.]

[Additional statements submitted for the record follow:]

PREPARED STATEMENT OF HON. MAX BAUCUS, U.S. SENATOR FROM THE
STATE OF MONTANA

I want to welcome everyone to today's hearing of the Environment and Public Works Committee. Today's hearing will focus on the coordination between the General Services Administration and local officials in the Federal building leasing process. My comments will brief so that we can have plenty of time to hear from all of our witnesses.

For the benefit of those folks who are here from outside of Montana, I want to start by giving a very brief history of this area of Helena—which is my hometown.

We are holding this hearing today in the heart of Last Chance Gulch. Gold was discovered right here over 100 years ago. Four miners from Georgia worked tirelessly to make the big hit. When they had exhausted all of their resources, their

time was running out. So they decided to work diligently and took one last chance at striking gold. They did. And without their determination and grit, Helena, the Queen City of the Rockies, would still be a dream.

So it is appropriate that we are in this location to discuss ways in which to improve the process of leasing Federal office space. The location of Federal office space within a community is an important matter. There are tremendous impacts from the decisions made with regard to leasing Federal office space.

We have three Montana communities experiencing the same difficulties with the GSA. There seems to be a systematic problem with the coordination process between the Federal government and local communities. I do not believe that the process to date has been handled as it should have been. We are here today to discuss this problem and work to find solutions.

I am afraid that sometimes the Federal government comes to town feeling it knows best—without regard to the thoughts of people who live in these communities. I believe GSA ought to reach out more to local folks. Local residents are a vast resource that the Federal government should tap. GSA should work with communities in order to understand their development plans and needs for the future.

I believe we can resolve some of these issues. We all want to do the right thing for our communities and the Federal agencies involved. If we pledge to listen closely to all of our witnesses, we will be able to learn and improve the coordination process. And with that, we will improve the relationship between GSA and the residents of Montana.

Again, I want to thank all of you here today. I look forward to hearing from our witnesses. We have a full slate, so let's begin.

PREPARED STATEMENT OF ROBERT A. PECK, COMMISSIONER,
PUBLIC BUILDINGS SERVICE

Senator Baucus: I am Robert Peck, Commissioner of the Public Buildings Service (PBS), within the General Services Administration (GSA). PBS is the service responsible for providing real property asset management that enables Federal employees to accomplish their missions. PBS manages nationwide an inventory of 285 million square feet of primarily office, judicial and storage space, in over 8,000 buildings of which approximately 1,800 are government-owned. More than 200 of these owned buildings are on the National Register. Obviously, we have a very real presence in urban communities throughout the country, and I am pleased to appear before you today to discuss the commitment of the Public Buildings Service to the invigoration of the economic and civic life of the nation's cities.

It is the goal of the Public Buildings Service to build on the Federal presence in local communities, to strengthen local partnership and participate in community revitalization initiatives. We have called this national effort our "Good Neighbor Program".

This program is a way for PBS, through its existing legal, regulatory and contractual authorities, to undertake a broad range of civic initiatives in communities that support our mission to provide quality work environments for Federal workers and value to the American taxpayer.

We offer space for cultural, educational, recreational or commercial activities, provide restaurants and shops open to the public on the major pedestrian access levels of Federal buildings, and host community events and activities in Federal buildings and plazas, under the auspices of the Public Buildings Cooperative Use Act of 1976. PBS also participates in downtown management districts, including Business Improvement Districts.

In 1997 alone, we renewed over 800 leases in 500 downtown communities. We paid private lessors over \$2 billion dollars, and we hosted more than 5,000 community events and activities in Federal buildings and plazas.

PBS actively implements the President's Executive Orders 12072 and 13006. GSA's has issued an interim rule for E.O. 12072 and an advisory bulletin on E.O. 13006. The interim rule provides guidance to Federal agencies to locate in Federal facilities in urban areas. The bulletin encourages the agencies to use a variety of methods in giving first consideration to downtown historic properties and districts. It is our policy to work with our customer agencies to meet their requirements to locate downtown, and it is our policy to coordinate directly with cities, urban interest groups, and local jurisdictions.

It is important to understand, that when locating Federal agencies, first consideration is always given to central business areas and historical districts. We work with agencies to provide productive workspace. We help agencies refine their requirements in ways that encourage maximum competition among competing

sources. Oftentimes, we can find space solutions in buildings that agencies, at first blush, do not think can meet their needs. In the end, market competition and creative space solutions result in good value to the taxpayer. If a local market cannot provide effective workspace at good value to the taxpayer within the central business area or the historic district, we must expand our search beyond those areas or districts.

Our commitment to being "Good Neighbor's" is multifaceted. GSA is a member of the President's Council for Sustainable Development. In 1997 GSA transferred millions in surplus federal property to local communities for public uses. We have entered into an agreement with the U.S. Environmental Protection Agency to assist communities to remediate brownfield sites in urban communities. Under Presidential Executive Order 12999, Computers-to-schools, GSA provides surplus computers to schools as part of this national initiative.

Under our umbrella "Good Neighbor" Program all of these policies come together in a single focus, to make the federal presence a positive and active part of the community.

This concludes my testimony, and I would be happy to answer any questions which you may wish to address.

PREPARED STATEMENT OF PAUL PROUTY, ASSISTANT REGIONAL ADMINISTRATOR,
PUBLIC BUILDINGS SERVICE

Senator Baucus: I am Paul Prouty, the Assistant Regional Administrator for the GSA Public Buildings Service in the Rocky Mountain Region. Our region includes the states of Montana, Colorado, Utah, Wyoming, North Dakota, and South Dakota. We manage 14 million square feet of space comprised of 582 buildings, of which 206 are Government-owned and 376 are leased. In Montana, we manage 1.3 million square feet in 29 Government-owned and 53 leased buildings. Two of these Government-owned buildings are on the National Register of Historic Properties, and six additional Federal structures are presently eligible.

I am pleased to appear before you today to discuss the commitment of the Rocky Mountain Region to promote the housing of government agencies in the Central Business Areas and in historic structures and districts. Included in this process is our commitment to be a good neighbor by working with local officials and other interested parties.

We are a significant real property services provider, and are fortunate to have top-notch employees who know the real estate business. Our program includes major construction and restoration projects. One of our recent historical renovations in Denver won the prestigious Presidential Design Award. Amongst GSA regional offices, we lead the nation in Small Business awards, and our programs contribute millions of dollars to the region, which includes an annual leasing investment of \$7 million into Montana's economy.

As the real estate broker for Federal agencies, our leasing process is triggered by the receipt of a request to locate a Federal agency or to continue their presence in a given community. After the agency has identified their requirements and a desired area for location, it is our role to consult with local and city officials to determine how the requirement can best be integrated into a community plan. This is an evolutionary process which develops through a series of discussions with the client agency and community officials. These discussions take the form of meetings with public officials, chambers of commerce, representatives of the various historic interest groups, town hall meetings, and the like. Sometimes this process is accomplished with a great deal of ease. At other times there is not necessarily an easy match of agency requirements and available options in the community. Our skills continue to develop and the partnerships continue to evolve. We are determined to find better ways of dealing with communities and our customers, which will result in continuing successes that balance the interests of the Federal and local communities. This concludes my testimony.

PREPARED STATEMENT OF COLLEEN MCCARTHY, MAYOR, CITY OF HELENA

Good morning. I'm Colleen McCarthy, Mayor, city of Helena. I would like to thank Senator Baucus and members of this committee for allowing us an opportunity to discuss our experiences with the General Services Administration. During the past year we have become extremely frustrated and concerned with the lack of communication, misrepresentation and the actions of GSA officials. First, I would like to state for the record, those GSA representatives currently residing in the Helena

area have been most helpful and understanding, our frustration lies with GSA representatives in the Denver office.

I became directly involved in working with GSA representatives regarding the Helena Federal Building lease, almost 1 year. As mayor, I received a letter informing us GSA was considering lease renewal options on the existing Federal building. During our conversations with GSA officials, it became apparent, they would be considering lease options on buildings other than the existing structure and possibility areas outside the Central Business District. On May 20, 1997, I sent a letter to Polly Baca, Regional Administrator for GSA, advising her the consensus of the Helena City Commission, was that, GSA aggressively pursue lease options with the owner of the existing structure. I also clearly stated, if the decision was made to move from the current building, they must comply with Executive Order 12072 and relocate in the central business district.

Between the dates of May 20 and August 1, correspondence between the Denver GSA office and the city of Helena continued through our city manager, Troy McGee. In late July, city manager McGee received a request from Julie Milner asking the city for permission to issue an RFP to pursue a warehouse location outside the Central Business District. Mr. McGee brought the request to the City Commission, the request was for a storage type building with few offices and minimal employees.

In the spirit of cooperation, the City Commission granted approval for the RFP outside the central business district. Days after the approval, we learned that the true intentions of GSA were not only to find warehouse space but to also relocate two entire departments, the Federal Highway Administration and the USGS. Numerous employees would be relocated.

When we challenged GSA's intentions and mis-communication, it was our city manager who was accused of falsely representing GSA's request to the city commission. After numerous conversations, GSA officials continued to insist our city manager had misrepresented their request. These allegations persisted, even after we provided documentation outlining their request and the city's position. I wanted to provide you with this one example of the lack of accountability and cooperation by GSA officials. This demonstrates just one of several examples of continued misinformation and frustration in dealing with their Denver office.

I know my time here today is limited. However, as a representative of the Helena community I believe it is imperative my testimony clearly provides you with factual data that will support a decision, to aggressively pursue options, that will allow Federal employees to remain in the current Federal building or at minimum remain in the central business district.

In the 1970's the city of Helena worked in cooperation with the General Services Administration to locate a new Federal building in downtown Helena. Here is a quote from the "Findings of Fact" from the Determination of Site Selection document:

The city of Helena is aggressively pursuing an Urban Renewal Plan to revitalize the old downtown area and sees the new (Federal) building as an integral contribution to their long range goals. There has been no adverse reaction to the project in the local community . . . the proposed site is an example of inter-governmental cooperation to minimize socioeconomic impact.

I submit to you today, the Federal building continues to be an integral contribution to our long range goals as a community and in the downtown area. I find it ironic, this has turned into the worst example of inter-governmental cooperation and miscommunication.

During Urban Renewal, the city of Helena invested millions in infra-structure to enable the construction and placement of the Federal Building in our Downtown. Street systems were redesigned and constructed, additional land was acquired to provide adequate parking and sewer and water services were extended, much at local taxpayer expense. Today, officials of the Government Services Administration are asking us to ignore the huge investment of tax payer money in the current building site. We simply cannot ignore the substantial investment local citizens and taxpayer's made over 20 years ago all in the spirit of cooperation and trust with the GSA.

In 1976 President Carter issued Executive order 12072. He believed Federal use of space in urban areas "shall serve to strengthen the Nation's cities and make them attractive places to work."

Currently, officials of GSA are not keeping with the spirit of the Executive order. Repeated attempts have been made to extend the boundary of the Executive Order without fully investigating the options available within the central business district. GSA has repeatedly asked the city of Helena to allow RFP's to be solicited outside the district. We believe this action is in direct conflict with the Executive order. An

example of this conflict, is reflected in the fact that GSA has given little consideration to the traffic problems that will occur within our community if 300-plus employees are located outside the central business district. Even worst is the possibility of locating 300 plus employees in an area that is currently experiencing severe traffic congestion and safety issues. GSA officials appear to care little about potential traffic impacts and future infrastructure costs for Helena taxpayers.

Lastly, I would like to briefly discuss the situation regarding the existing Federal Building. In a meeting with GSA officials on October 30, 1997, they stated the current lease arrangement was a "bad deal for government." However, they have repeatedly refused to provide financial data as to why this lease is a "bad deal for government."

On November 26, 1997 I was asked to address a group of concerned Federal executives currently working in a Federal building. During this meeting numerous employees expressed satisfaction with the location of the building in downtown Helena. However, many employees expressed serious concerns with perceived safety issues and the structural stability of the building. Currently, GSA officials are claiming to have documentation, in the Merrick Report, that substantiates \$13-\$16 million dollars in identified improvements, including safety issues. However, the building owner hired an independent structural engineer who claims that the building is structurally sound. The engineer identified only \$7 million in improvements from the Merrick Report not \$13-\$16 million.

As a result of these conflicting reports, many of your Federal employees feel their safety is at risk. I believe, from the testimony you have heard here today, it is imperative you address the safety issues of these Federal employees above all else. No employee, whether they work in a high risk industry or a clerical position in the Federal Government, should feel their safety is at risk while on the job. It is the recommendation of the Helena City Commission that you require GSA officials to work cooperatively with the current Federal building owner, resolving the potential safety issues within the building and extending the current lease agreement, if at all possible.

I would like to thank you for your time this morning. These issues are serious, the actions of GSA could have devastating impacts to our community. We are not Denver, Houston or even Salt Lake City. We are a small community of 35,000 people who still believe your word is as binding as a legal document and that government, whether it be local, State, or Federal is charged with protecting and preserving the communities we have all worked so hard to build and call home. Thank you.

PREPARED STATEMENT OF MARK KENNEDY, CITY COUNCIL MEMBER, BILLINGS, MT

Senator Baucus and Members of the Committee: I welcome the opportunity to provide testimony today regarding issues associated with Federal procurement processes for office space. I have been a Billings City Council Member for 5 years during two separate terms. I am a Billings restaurant owner and a small businessman. Previously, I owned a restaurant in the downtown Billings area and prided myself in contributing to the vibrancy of my community. With that experience, I feel that I am qualified to represent this important component of our city.

In recent months, the Billings City Council and city staff have been involved in an important Federal Government decision that affects the future of the Billings' downtown. A government decision was recently made to award a contract for the construction of a new Bureau of Land Management (BLM) facility outside of the downtown area. Despite repeated efforts of local leaders to urge the consideration of a downtown site, the General Services Administration (GSA), acting on behalf of the BLM, has cited the requirements of the Competition in Contracting Act (CICA) as the reason for making a decision that deserts the downtown of the largest city in Montana.

I am here today to express my concern for my community, its downtown economy and a questionable future brought into play by the actions of these two agencies. Their actions have left a bitter taste in the mouths of many Billings residents, including even some of our own Federal employees.

I first want to comment on the requirements of Executive Order 12072, an act signed in 1978 by then-President Jimmy Carter. At that time, he recognized the plights of urban cities and realized that the Federal Government must be a partner in helping the revitalization of America's urban cities. This executive order requires all Federal agencies to give primary consideration for their locations to be in central business areas. For the past several years, the city of Billings has been a partner with the Federal Government in meeting that goal. This has resulted in the recent completion of a new Federal office building in downtown.

On this project, however, (GSA Solicitation No. 97-15), something has gone awry. Initially, a bid for facilities in the downtown area was solicited with only the current landlord providing a bid for services. This was not viewed favorably and it was identified that bidding should be opened for new sites throughout the Billings community. The Competition in Contracting Act was cited as the reason that new bids would need to be solicited.

A meeting was held between Federal officials, Mayor Chuck Tooley and our City Administrator. Due to CICA, we were told there was no choice but to open bidding up to sites outside of the Billings downtown. This was the extent of Federal Government efforts to comply with Executive Order #12072. A later letter from our City Administrator (attached) asked for clarification of our community's "rights", but a response was vague and non-responsive.

As a City Council Member, I ask myself if a vote of the Council would have made the difference in granting our community more time in which to respond. We had a developer from Massachusetts which expressed strong interest in a downtown site. However, other than a 2 week delay, the BLM/GSA process continued until an award was announced between Christmas and New Years. Merry Christmas indeed!

Federal executive orders and contracting law are unclear as to what is the "right" of a community to object to the "competitive removal" of 200 jobs from the downtown area. What is the extent of the duty of the Federal Government to respond to the local community? These jobs are an important component of the downtown economy. However, no accountability was ever made by the GSA/BLM as to the "costs" associated with their move. We did see a projection of \$9 million in savings over 20 years. But we, in Billings, can anticipate a glut of office space to arrive on the market after the completion of the newly awarded building.

We can see local property owners lowering the rents of their facilities to compete with a new 56,000 square feet on the market. Some will ask for property tax value reductions affecting revenues of city government, county government, and our school district. Local restaurants that depend on a vibrant lunch crowd will lose, as well as small specialty shops along our streets.

I also want to object to a process that deliberately "specked out" the Billings downtown. The BLM/GSA proposal required the adjacent location of a wareyard facility. Next to an office building containing over 130 regional "white collar" type workers, a warehouse work area was mandated to be included. This facility could not be located down the street or near the site, but must be directly connected and adjacent.

This requirement created a direct conflict with city of Billings zoning code criteria. A wareyard facility is not allowed in the central business district, as in most American cities. The wareyard would be a facility to store posts, cables, vehicles, horse trailers, and surplus. I would liken this to building a Federal vehicle repair shop next to the Hart Senate Office Building in Washington. The types of uses are incompatible and don't mix! Given this situation, the local City Council was put in a situation of ignoring zoning law and create an infamous "spot zoning" situation to comply with Federal specifications. Due to 35,000 sq. ft. specifications of the wareyard, the BLM/GSA could not consider locating this material in an indoor facility. We even looked at the basement of the City Library, but it was only 20,000 sq. ft.

The City and private sector have been involved in a year long process of planning for the "Downtown Billings—Everyone's Neighborhood Project. Due to timetables, the BLM/GSA could not honor waiting for the completion of the project which was adopted by local governments in December, 1997, the same month the project was awarded. Billings now has a plan and government offices are an important part of it. In Montana, where many jobs are with Federal agencies, how can they not participate in local efforts? Isn't this contrary to the Executive Order #12072? Our community spent \$300,000 in local funding for this effort, so it is not something that we take lightly. The Federal Government has failed by not recognizing the importance we take in our downtown.

I have included with my testimony, a financial summary of downtown taxable values which are part of a tax increment district. A tax increment district is an area of a community where taxes are frozen at a base level and all new incremental tax value increase use proceeds to reinvest in the district. In Billings case, the district is our downtown central business district. We started in 1982 with an incremental taxable value of \$6,258,307. This rose to a high of \$11,424,295 in 1991. Since that time, we have seen the incremental taxable value decrease to \$5,913,544 in 1997.

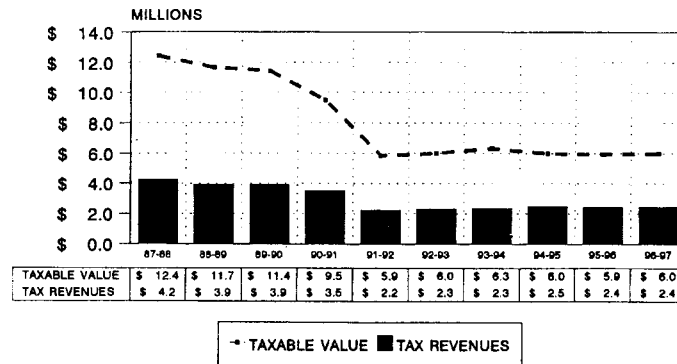
Some was attributed to tax reappraisals, but overall a general decline in investment. Without continued reinvestment, the efforts of this community can be for naught. That is why the loss of a major downtown source of jobs and capital investment is so important. The evaluation of \$447,000 in annual projected BLM savings will be miniscule in comparison to impact upon the financial vitality of downtown

Billings. The Federal agencies did not take this into account. A major mistake when assessing total impact.

In summary, the city of Billings' downtown has received major blow to its diligent planning efforts, its economy, and its downtown workplace diversity. Our neighbors and friends are being removed from the area in the name of a bottom line that disregards the environment around it. As a City Council member, I recognize the need to receive competitive bids, but I also recognize the need to award the "most responsible bid."

The Federal Government in Montana is an important partner in securing the success and vitality of the downtowns of Montana cities. The process now being used is not fair, does not coordinate enough with local officials, and does not fully weigh the economic impacts. We have seen the challenges of our elected representatives go ignored by Federal agencies. As a City Councilman, I cannot accept the old adage, "There is nothing we can do!" There is and it starts right here, today!

TAX INCREMENT DISTRICT TREND ANALYSIS PROPERTY TAXABLE VALUES FISCAL YEARS 1988 THRU 1997



In 1989 & 1991 the decline is attributed to the "Sales Assessment Ratio Studies" required by Montana law. In 1992 the decline is the result of certain utilities being assessed incorrectly by the State of Montana.

CITY-COUNTY PLANNING DEPARTMENT,
Billings, MT, August 12, 1997.

Mr. HARRISON FAGG,
Harrison Fagg & Associates,
Billings, MT.

DEAR MR. FAGG: This is in regards to your property located at 222 N. 32d Street, and more specifically the proposal for the BLM offices and wareyard. This property, as you know, is zoned as Central Business District (CBD). According to the Billings Montana Municipal Code (BMCC), inside or outside storage of materials and equipment is not allowed within the CBD zoning district. Obviously, the office use is an allowable use outright, and I do not believe that has ever been in question.

I hope that this answers your questions on this matter. Please feel free to call me with any additional questions or concerns that you may have.

Sincerely,

BILL ARMOLD,
Planning Director.

CITY OF BILLINGS,
OFFICE OF CITY ADMINISTRATOR,
Billings, MT, October 20, 1997.

*General Services Administration,
Rocky Mountain Region,
Denver, CO.*

DEAR TANISHA: On behalf of the city of Billings, I am writing to inquire about certain procedures followed by the City and the General Services Administration for the BLM project in Billings. It has recently been brought to my attention that Executive Order #12072 requires that consideration will be given to the location of Federal facilities in central business areas (CBA's). This is important public policy and is one directive that should not be taken lightly.

In a recent letter from Polly Baca, Regional Administrator to Nancy Bennett, local Billings attorney, it refers to earlier action by GSA and the city of Billings which expanded the delineated bidding area beyond the CBA. This officially refers to this as an "agreement" with the city of Billings. I believe this agreement refers to a letter from the GSA to Fred Alley, Billings Community Service Director on April 1, 1997. (see attached.) The letter delineates the GSA's need for more competitive bids for the BLM site and thus, necessitated the City to be notified of your intent to do so.

Now, this letter is being referred to as an agreement. I am not sure this is entirely correct and have spoken to our City Attorney. I am confused as to the authority we have as a City in the Federal procurement process. Was this letter construed as a full agreement by the City that we concurred in expanding the bidding boundaries? Or, were we notified as a courtesy by the GSA that the agency would be expanding the boundaries? When in consultation with local officials as you were with Mr. Alley last April, did this concurrence as to the GSA finding for competition under the Competition in Contracting Act (CICA) legally obligate the city of Billings in some way? If so, this was not taken before the City Council for ratification of the GSA action.

If we have no authority over the GSA process, I am confused as to the Regional Administrator's use of the term agreement. Your immediate clarification of the City's authorities and involvement in such an involvement with the GSA is desired. For instance, if the City's concurrence had been withheld, would the BLM project have proceeded anyway? If it is granted via the letter from Fred Alley, the City needs to know the significance of that act.

As you know, there is significant local interest in the eventual disposition of the BLM project. Extreme concern is being conveyed as to the loss of many Federal jobs in a downtown that is feeling a number of economic impacts.

I thank you for clarifying this issue. Please call me, if you need further clarification than from above.

Sincerely Yours.

MARK S. WATSON,
City Administrator.

GENERAL SERVICES ADMINISTRATION,
ROCKY MOUNTAIN REGION,
Denver, CO, September 17, 1997.

Ms. NANCY BENNETT,
Moulton, Bellingham, Longo, & Mather, P.C.,
Billings, MT.

DEAR MS. BENNETT: Thank you for your August 8, 1997, and August 19, 1997, letters reflecting your concerns regarding the lease procurement for the Bureau of Land Management (BLM) in Billings, Montana.

The Solicitation for Offers (SFO) reflects the long-term requirements of our client. The lease procurement process has been, and will continue to be, conducted in a manner which is consistent with all laws, regulations, and Executive Orders. Additionally, GSA has worked closely with the city of Billings to ensure requirements are compatible with zoning restrictions, especially where the Billings Central Business District (CBD) is concerned. Executive Order 12072 permits, while the Competition in Contracting Act requires, the expansion of a delineated area if it is determined that adequate competition does not exist within the CBD. Therefore, with the agreement of the city of Billings, the delineated area was expanded beyond the Billings CBD to include the city limits of Billings.

I hope this adequately addresses your concerns. If you have further questions regarding this matter, please contact Ms. Sandra DiBernardo, Director of our Mountain-Plains Service Center, at (303) 236-1770.

Sincerely,

POLLY BACA,
Regional Administrator.

GENERAL SERVICES ADMINISTRATION,
ROCKY MOUNTAIN REGION,
Denver, CO, April 1, 1997.

Mr. FREDRIC H. ALLEY,
Community Development Director,
Billings, MT.

DEAR MR. ALLEY: This is in reference to our on-going discussions regarding the lease procurement action for the Bureau of Land Management (BLM) in Billings, Montana.

As discussed, the BLM lease at the Granite Tower building, 222 North 32d Street, expires in April 1998, and GSA has leased space at this location since April 1976. There are currently three (3) BLM leases in the Billings area which will be consolidated in one location to achieve the economic and programmatic benefits of consolidation.

GSA is conducting this lease procurement on behalf of BLM in accordance with all applicable laws and Executive Orders. Executive Order 12072, August 16, 1978, 3 CFR, 1979 Comp, p. 213, requires that first consideration be given to central business areas (CBA's) and other designated areas. The Executive Order also states that whenever practicable and cost-effective, GSA shall consolidate elements of the same agency or multiple agencies in order to achieve the economic and programmatic benefits of consolidation. Furthermore, GSA is responsible for confirming that established delineated area boundaries provide competition when acquiring leased space.

In accordance with the Competition in Contracting Act (CICA), GSA may consider whether restricting the delineated area to the CBA will provide for competition when acquiring leased space. Where it is determined that an acquisition should not be restricted to the CBA, GSA may expand the delineated area in consultation with the requesting agency and local officials. The CBA must continue to be included in such an expanded area.

In light of our discussions and the information provided above, it was determined that the delineated area must not be restricted to the Billings CBA, but instead expanded to include the City Limits of Billings. By doing so we are soliciting bids or proposals in a manner designed to achieve full and open competition for the procurement in accordance with CICA. Additionally, it is expected we will receive bids from a variety of sources and locations, including the CBA and other areas within the delineated area.

As discussed, please indicate your concurrence with this decision by signing in the space provided below. Please return a copy to this office as soon as possible. My fax number is (303) 236-1774.

I greatly appreciate your cooperation throughout the development of this project. If you have any questions regarding this matter, please contact me at (303) 236-1770, Ext 228.

Sincerely,

TANISHA HARRISON,
Contracting Officer,
Montana / Dakotas Service Center, PBS.

PREPARED STATEMENT OF ALAN NICHOLSON, HELENA, MT

My name is Alan Nicholson. I have lived in Helena since 1970 and for most of that time I have been a real estate developer and property manager here and in Billings. Most of our properties are in downtown locations. I am a believer in urban development and redevelopment. I am a former chair of the Montana Board of Public Education, a past president of the Helena Chamber of Commerce and the immediate past president of the Montanan ambassadors, a group of State business leaders appointed by the Governor to make Montana a better place to work and live. I believe government is our collective responsibility, that it is what we do together for the common good and that we should do it well. My wife and I serve in many public arenas and contribute very significantly to Federal, State and local taxes. As

it turns out, I have land and buildings which would be suitable for a new Federal building in the downtown area, but I agree with other community leaders that it is in the best interests of our town for the Federal offices to stay where they are. I have been an outspoken advocate of that position.

I am disappointed and dismayed by the behavior of the General Services Administration which apparently intends to ignore Executive orders issued by every president since Carter, to ignore the interests of the Helena community and its elected officials, to ignore the protocols of fair play and good business and to ignore the best interests of the government they serve.

I believe the Executive orders are quite clear in their mandate to assist central cities to remain economically strong by locating Federal offices in the downtown areas whenever reasonably possible. Certainly this city did much to encourage the Federal Building to locate in its central business district by building roads, clearing land and co-locating other public facilities such as the city library and the neighborhood center. Now, for no apparent good reason, GSA would not only like to vacate their present building, but move entirely out of the downtown area.

The city commission and other public bodies are on record and in agreement that it is in the community's best interests to have the Federal offices stay put. Everyone realizes that there are problems requiring remediation at the present site and that certain functions of government may need to locate elsewhere in order to serve effectively and efficiently. . . . If the collective best interests of all parties are to be served, everybody has to give a little. . . . But GSA has routinely rejected efforts to compromise and negotiate. Even before any definitive request for proposals for a Federal Building in Helena, GSA asked the city to extend the boundaries suitable for location of the Federal Building well beyond the central business district.

Ordinary protocols of fair play and good business are out the window where GSA is concerned. The owners of the existing building found it necessary to publish a hefty volume to set the record straight after the half truths and outright breeches of verity (damned lies) were spread about by GSA officials. So far as I know, GSA has not responded either to dispute the owner's effort to set the record straight or to apologize for playing fast and loose with the facts.

I submitted an alternative site to GSA in the central business district in the event that a reasonable solution could not be reached between GSA and the present owner. GSA thereupon publicly proclaimed that my site was not suitable and was polluted. I asked for an apology from GSA to which they responded "It is common knowledge of Helena citizens that the Great Northern site was once used as a garbage dump." I pointed out that we had the benefit of two independent environmental studies which found that the site was neither polluted nor a garbage dump. In a subsequent letter, after my continued request for an apology, GSA denied ever having said it! Letters documenting this exchange are attached for the record. One does not expect a campaign of disinformation by the government in an area so far removed from the usual standards of political intrigue and national consequence.

All of this tends to sour one's respect for government at a time when those of us who still have vestiges of respect for government exist in ever decreasing numbers.

What should GSA do?

They should proclaim, that they will first exhaust all reasonable efforts to stay in their present building. If negotiations break down or this becomes otherwise impossible, they should explain, within the constraints of protecting the rights of the private parties involved, precisely why it is necessary to move including all pertinent laws, statutes, ordinances, regulations and other government ornaments by which they are bound. They should then exhaust all possibilities to remain in the boundaries of the central business district within the procedures described in the Executive orders pertaining to location of Federal offices. If this proves impossible and after full explanation why, they should work with the city to locate in a mutually agreeable place.

Many of us have wondered why GSA has acted so badly, why they have been so covert and so arbitrary and why they have behaved as though they are under siege by an enemy. Many theories have been batted about including unholy alliances between the administration and large developers, some political favor in need of repayment, a rebellion by GSA against government itself. . . . on and on . . . some theories have even more sinister implications. The simple truth is that the behavior of GSA in this matter is so without a reasonable explanation that it begs a grand explanation.

For myself, I believe it is a combination of ignorance stemming from unchecked bureaucratic power and a determination to serve the wishes of local Federal department heads who want new digs, Executive orders and local needs be damned.

While I hope GSA, after this hearing, will behave more appropriately and in keeping with good public policy, I have no faith in it. And this lack of faith from ordinary

folks like me, who believe in government and want it to work, should scare the living hell out of folks like you who have dedicated a substantial part of your short tenure on earth to this fragile experiment we call American democracy. It is failing.

October 15, 1997.

General Services Administration,
Rocky Mountain Region, Denver, CO.

RE: HELENA FEDERAL OFFICE BUILDING

DEAR MS. RINGLER: I have heard from a variety of folks around here that someone from your shop has been spreading the word that the 9-acre parcel of land known as the Great Northern is contaminated and unsuitable for building. I submitted this site in response to GSA Solicitation for Offers #GS-08P13429. As you can see from the Environmental Assessment Report on this land, that is not the case. In fact, the new Federal Reserve building is built on a part of the original site.

But Helena is a small town and gossip runs through here pretty darn fast. People around here tend to believe folks like you, even though you and I know that there is no reason they ought to. None-the-less they do, so what you folks have said damages Artisan, LLP and makes our efforts to develop this ground harder than it would have otherwise been. I think it would be appropriate if GSA Denver apologized to us and if you made a public clarification and apology as well. In fact, I expect it.

Sincerely,

ALAN NICHOLSON,
Managing Partner,
Artisan, LLP.

GENERAL SERVICES ADMINISTRATION,
ROCKY MOUNTAIN REGION,
Denver, CO, October 24, 1997.

Mr. ALAN D. NICHOLSON,
Helena, MT.

DEAR MR. NICHOLSON: We are in receipt of your October 15, 1997, letter pertaining to gossip that you have heard. It is common knowledge of Helena citizens that the Great Northern site was once used as a garbage dump. We can assure you that General Services Administration (GSA) employees have not stated in any conversation that the Great Northern site is contaminated.

We have informed individuals that we have asked you for copies of Environmental Assessment Surveys conducted for the site. We will determine whether the site is suitable for Federal construction once we have reviewed complete documentation available in the Environmental Assessment Surveys.

As I stated in my October 14, 1997 letter, please submit the entire Envirocon EAS original source documents and any other more recent documentation pertaining to the condition of the Great Northern Property, which has been summarized by Douglass, Inc. by October 31, 1997. If this timeframe is not feasible, please call me to discuss a more appropriate date.

Sincerely,

MALIA N. RINGLER,
Real Estate Contract Specialist,
Mountain-Plains Service Center.

November 14, 1997.

MALIA N. RINGLER,
Real Estate Contract Specialist,
Mountain-Plains Service Center,
Denver, CO.

DEAR MS. RINGLER: It is not "common knowledge of Helena citizens that the Great Northern site was once used as a garbage dump." You have two (2) environmental assessments which are very clear that the "dump" was located elsewhere. No reference was made in either study to the hearsay you relate in your October 24th letter.

The mayor of Helena, Colleen McCarthy, was told by GSA that the site was probably contaminated. Government workers who attended a meeting with GSA on these issues have told me that GSA officials said that the site was polluted.

This behavior is unacceptable, and I do expect you to issue a statement stating that the site is not polluted and that you retract and regret any statement by GSA officials which would lead any one to think otherwise.

Sincerely,

ALAN D. NICHOLSON,
Managing Partner,
Artisan LLD.

GENERAL SERVICES ADMINISTRATION,
ROCKY MOUNTAIN REGION,
Denver, CO, November 25, 1997.

Mr. ALAN D. NICHOLSON,
Helena, MT.

DEAR MR. NICHOLSON: We are in receipt of your November 17, 1997 pertaining to the Great Northern site. We can assure you that General Services Administration (GSA) employees have not stated in any conversation that the Great Northern site is contaminated.

We have informed individuals that we have asked you for copies of Environmental Assessment Surveys conducted for the site. We regret any misinterpretation that may have occurred when we communicated our direction.

Phase I & II, Environmental Assessment Report, submittal date: June 11, 1997, page 2 states, "An abandoned underground storage tank was discovered at the site . . ." Please provide a status update on this issue.

Sincerely,

MALIA N. RINGLER,
Real Estate Contract Specialist,
Mountain-Plains Service Center.

PREPARED STATEMENT OF JACK LYNCH, CHIEF EXECUTIVE, BUTTE, MT

Good Morning Mr. Chairman and Members of the Committee: It is a pleasure to be here this morning and welcome you to Montana, the Big Sky Country. We all appreciate the time and trouble that the committee has gone through in order to get here. We also appreciate your willingness to take this opportunity to listen to representatives of local communities. We see this as an opportunity to discuss the process for location of Federal facilities in our communities and our interaction with the General Services Administration (GSA) as it relates to that siting process.

Let me begin by introducing myself—my name is Jack Lynch, I am Chief Executive of Butte-Silver Bow. I am here today representing that city-county government as well as our Urban Revitalization Agency as it relates to our experiences with our Military Entrance Processing Station and our attempts to work with GSA through the maze of bureaucratic rules that they have established for local governments.

In the 1870's, Butte was only a small mining claim similar to many throughout the western United States. By the 1900's, Butte had become known as the richest hill on earth because of its vast wealth of mineral ores lying beneath the surface. The settlement grew to the size of a small metropolis by the turn of the century, supporting an area population of approximately 100,000. It was copper that made Butte king, becoming the world's leading producer of copper. Copper was needed for everything to do with the industrial expansion of the 20th century. Everything electrical required copper. Butte, Montana played a significant role in the industrialization of the United States. Butte's significance relates to advances in hydroelectric power, transmission, electrical equipment and mining industry advancements. The outcome of both world wars may have been different without Butte, Montana's participation.

In 1969, Butte was acknowledged for its national significance by being listed as a National Historic Landmark District because of the strong legacy of history, industrial remains and architectural structures. Butte still remains as one of the largest historic districts in the country with varied architectural, industrial and social mix to the district. You will see a mining head frame next to a worker's cottage, a millionaire's mansion next to a boarding house, ethnic neighborhoods and churches grouped around industry, and 100+ years of mining history is evident throughout the community. Butte has a unique look and is a unique city.

With our rich past, current challenges and ever brightening future, Butte-Silver Bow government has taken a proactive and creative approach to preserving our past to create our future.

Given the commitments that our communities have made to the preservation of our downtown areas, the enhancement of our historical attributes and the serious financial commitments to rehabilitation, we can only hope that following receipt of this testimony today—you will see there is obviously a need for your assistance. This is to ensure the playing field remains even, that the rules of the game don't change once the whistle has blown, that the interests of local communities (who are attempting to cooperate with Federal agencies) is given the utmost consideration in making the determination on where Federal facilities should be sited. The testimony you will hear from others this morning will go into great detail as it relates to the overall efforts of local government and their perception of the activities of the GSA. I suspect in many cases what you hear will not be pleasant, but in addition to their hospitality, Montanans are also noted for their candor and their concern about their communities. So, what you will hear in most cases will not be sugarcoated.

Once again, thank you for taking the time to come to Montana. While you are here, we hope that you take the time to see some of the sights of the Big Sky Country and that you enjoy yourselves. Senator Baucus, we appreciate your assistance in your bringing your colleagues from the U.S. Senate to listen to our concerns.

PREPARED STATEMENT OF COLLEEN FINE, DIRECTOR, URBAN REVITALIZATION AGENCY

Good Morning. I am Colleen Fine, the Director of the Urban Revitalization Agency in Butte-Silver Bow. The Urban Revitalization Agency is a tax-increment district designed specifically to assist economic development activities, which lead to continued promotion and development of the URA. The URA is included in the Butte National Historic Landmark District. The following summarizes our local government's involvement relative to the GSA process for leasing a site for the MEPS' facility in Butte, Montana.

It is my understanding that this process began in September, 1996; although, I was not aware of the project until January, 1997. My first knowledge of the MEPS' project was in relation to a visit GSA-Denver conducted in Butte. At that time, GSA was already visiting prospective developers to secure a site for the MEPS' facility.

Mark Reavis, the Butte-Silver Bow Historic Preservation Officer/Staff Architect, was asked to provide a tour of a Butte-Silver Bow owned building that a private developer had suggested as a potential facility for the lease. The building was made available and GSA was given a tour. That is the extent of our contact with GSA in the initial process. During the timeframe from September 1996 to September 1997, there was no contact between Butte-Silver Bow and GSA other than that tour. In fact, I did not meet anyone from GSA until September of last year.

On September 25, 1997, I was introduced to GSA officials at a meeting in the Federal Courthouse in Butte. The meeting was convened, at our request, to discuss Butte-Silver Bow's concerns relative to the leasing process. During the meeting, I expressed Butte-Silver Bow's displeasure at not being involved in the process to that point, at the lack of adherence to the National Historic Preservation Act and Executive Order and at the process in general.

After a lengthy meeting with GSA and MEPS personnel, Butte-Silver Bow, State Historic Preservation Office, and National Trust for Historic Preservation officials left the meeting with the following understanding:

- GSA would work closely with local government officials in the process;
- GSA would reopen and readvertise the MEPS' leasing in the National Historic Landmark District providing clear indication that buildings in the National Historic Landmark District would have a preference and detailing what that preference was;
- GSA would allow local comment on the SFO;
- GSA would request that MEPCOM reconsider criteria considered detrimental to historic structures; and
- GSA would provide a detailed explanation when a historic structure was excluded from consideration.

The meeting concluded with the agreement that the next step taken would be a written review of the SFO. Butte-Silver Bow officials received the SFO and written comments.

Following the September meeting GSA actions were completely contrary to the promises they made.

GSA would work closely with local government officials in the process.

GSA officials kept Butte-Silver Bow staff completely in the dark. Butte-Silver Bow initiated all communication regarding the leasing process. Phone calls to GSA were not returned, requests for information were completely ignored.

By early November, Butte-Silver Bow had not heard anything from GSA either by phone or in writing regarding our comments on the SFO or what the next step in the process would be. I sent a letter expressing my concern that local officials had not heard from GSA. Since the letter was not acknowledged and the phone calls were not returned, I sought the assistance of Senator Baucus' field office. It was only through their intervention that Butte-Silver Bow learned what was going on. Again, we were promised better communication from GSA staff.

For nearly a month we heard nothing from GSA then on Tuesday, December 16, 1997, I learned GSA was conducting a Market Survey tour the following week. This news took me very much by surprise. I had no idea what GSA was doing or what their process would be but quite obviously Butte-Silver Bow staff were not asked to participate. I contacted GSA immediately but the Leasing Agent was not available and did not return my call.

On Wednesday, December 17, 1997, I again attempted to contact GSA regarding the schedule while in Butte. The Leasing Agent was out and I left a message expressing my concern on voice mail. I attempted to contact the Leasing Agent's supervisors but was not successful. I then contacted the supervisors' supervisor. His secretary took a message and said he would call me back later. When I left work that evening, I had not heard from anyone at GSA.

When I called the next morning the same secretary I had spoken to asked for my name, I stated that it was Colleen Fine from Butte, Montana. She told me the Leasing Agent would be calling me back. Her tone response indicated to me that my name was marked and I would not be allowed to speak with higher level GSA personnel.

When the Leasing Agent finally called she stated it did not occur to her to include me in the Market Survey since I knew the buildings so well. I reminded her of GSA's promise to work with the local government. I felt she was specifically excluding me. The Market Survey was scheduled for December 23rd; she stated she would not change it. After considerable juggling on our part, Butte-Silver Bow was able to have a staff member attend the Market Survey. However, GSA's treatment of that staff member was incredible.

Mark Reavis, the Historic Preservation Officer and Staff Architect was not allowed to communicate with MEPCOM officials. The Leasing Agent specified a time and place for Mr. Reavis to meet the tour. His offers of a Butte-Silver Bow van and chauffeur services were refused. During the tour Mr. Reavis would be prevented from having any personal contact with MEPCOM officials. He was kept physically separate from others on the tour. He was not allowed to have a cup of coffee or go to lunch with Federal officials. He was not allowed to know what sites were being reviewed until just before the scheduled time. The irony of the situation is we both knew every single location independent of GSA information.

As the designated representative of the hosting local government, his treatment by GSA staff was rude and demeaning. The contempt GSA obviously felt for our continued involvement was palpable in that Market Survey tour.

These activities illustrate GSA's commitment to working with the local government.

GSA promised it would reopen and readvertise the MEPS' leasing in the Landmark District while providing clear indication that buildings in the National Historic Landmark District would have a preference and detailing what that preference was;

I left the September meeting with the clear understanding that GSA would work with Butte-Silver Bow in this process. Butte-Silver Bow would provide mailing labels from our data base and GSA would produce a mailing to reopen the process for buildings in the National Historic Landmark District. This was agreed to because GSA, at its own admission, did not provide adequate notification of preference for the Historic District. I requested the opportunity to do a joint mailing with GSA. I wanted documentation of the URA's financial commitment to the project to be included with the document GSA was preparing. My agency had committed nearly \$400,000 to the project.

When I wrote about the joint mailing, a GSA official called me and told me GSA would not be doing a mailing. GSA stated that any mailing would be done by Butte-Silver Bow but GSA would provide a flyer for us to mail. This caught me completely by surprise because at no time was this ever discussed with or agreed to by local officials. Given the extremely short turn around time in this process as well as the upcoming holiday. I felt the best thing to do was to continue in an attempt to try to work with GSA.

The flyer was received in the form of a fax and, as such, was not suitable for distribution. It was retyped verbatim. The flyer was duplicated and sent to property owners in the District. Additionally, the Agency, at its own expense, placed an ad in the local paper indicating that lease space was available and for individuals to contact the Agency for further details. The deadline for submission was set; the flyer was mailed; and the ad ran. This process provided developers with less than 12 days for response inclusive of the Thanksgiving holiday and weekend.

GSA promised to reopen and readvertise the MEPS' leasing. GSA may have allowed new proposals from the Historic District however; they also allowed buildings outside of the district to submit as well. My understanding from the meeting in September was that only sites in the National Historic Landmark District would be considered since this area was not given adequate notice of the preference for historic sites and that was the very reason for allowing new proposals.

Every time this has been pointed out to GSA the result has been more detrimental to the Historic District.

GSA did not produce a mailing, prepare flyers or advertise in local papers. Butte-Silver Bow performed these activities.

GSA pledged it would allow local comment on the SFO.

Butte-Silver Bow was allowed to comment but those comments fell on deaf ears at GSA. The comments were acknowledged by GSA and dismissed out of hand. We have no documentation that our comments were passed on to MEPCOM and if they were, we do not know how our comments were portrayed.

GSA stated it would request that MEPCOM reconsider criteria considered detrimental to historic structures.

Butte-Silver Bow does not have first-hand knowledge that our concerns were passed on to MEPCOM. GSA's summary of MEPCOM's response was that MEPCOM believed they offered adequate concessions and would not consider any additional modifications. We have no documentation of GSA's request or MEPCOM's response.

GSA said it would provide a detailed explanation when a historic structure was excluded from consideration.

To date this has not happened though I do understand from several developers that their buildings have been excluded from the process.

My main concern regarding this process is the lack of trust local officials now have regarding GSA. This is a direct result of the tactics employed by GSA staff. Montana has one of the most liberal open government philosophies in the country. This ideal is an overriding tenant of our State's constitution. Those who operate in government in Montana are used to open, honest and critical review of our work. Both the Montana Open Meeting Law and Montana Open Records Law indicate that citizens of this State want to be well informed regarding the operation of government at all levels. This does not work well with the type of operation conducted by GSA in this instance. Local officials and citizens as well, have been kept in the dark, treated in a less than respectful manner and have literally had to beg to be included in the process. I was even asked to sign a confidentiality agreement after I had already worked with every single proposer in the process prior to GSA involvement. That is my job.

When Butte-Silver Bow first became aware of this project, all local officials wanted was to ensure all regulations were followed and that the National Historic Landmark District was given a fair opportunity to compete on a level playing field, that very opportunity is provided for by Executive Order. It may very well be that this is an above board process, unfortunately it is very difficult to believe given the prejudicial treatment of local officials, of the National Historic Landmark District and of the community as a whole. The more Butte-Silver Bow has asked for involvement, openness and honesty, the more secretive and hostile the response has been. At this point in the process it is clear the GSA has completely lost all objectivity and sense of fairness.

One of the major goals of Butte-Silver Bow's recently revised and adopted Community Master Plan is the continued redevelopment of Uptown Butte. As an economic development objective it serves several vital purposes. The strength of any local economy is mirrored in the treatment of its older urban areas. How we treat these areas reflects a community's values and hopes. Butte-Silver Bow values its Uptown and desperately wants its revitalization. Uptown is a living, breathing vital place indicative of the spirit and heart of this community. Ensuring its strength is the first step in maintaining a strong, local economy. The Federal Government has a unique opportunity to create a mutually beneficial partnership along with local government and private developers. This partnership would allow the Federal Government to significantly address goals of the community. The opposite consideration is equally dramatic in its statement. If the Federal Government chooses to leave the

Uptown, contrary to the desires of the community, the perception left would be one of abandonment. I think this is exactly the wrong kind of message the Federal Government should be sending about the very heart of our community.

As Director of the Urban Revitalization Agency, the economic development office for the Butte National Historic Landmark District I am not now nor have I ever asked for special consideration. I am asking GSA to honor the promises made to my community. I am asking for a fair process utilizing objective, quantifiable and justifiable criteria available to all parties beforehand in a written format. For this project in our community and for future projects throughout the country, my sincerest hope is that the Federal Government seeks to secure space in a fair, open and honest manner allowing for all parties concerned to meet their respective goals.

PREPARED STATEMENT OF BARBARA HANDY PAHL, DIRECTOR, MOUNTAINS/PLAINS
REGIONAL OFFICE, NATIONAL TRUST FOR HISTORIC PRESERVATION

Senator Baucus, members of the Committee, it is a pleasure to appear before you today to testify on behalf of the National Trust for Historic Preservation. The National Trust, a nonprofit organization with more than 270,000 members and six regional offices across the Nation, was chartered by Congress in 1949 to promote public participation in historic preservation and to engage the private sector in preserving our Nation's heritage. As the leader of the national historic preservation movement, the National Trust is committed to saving America's diverse historic places and to preserving and revitalizing communities nationwide.

Today, we have been asked to provide our views on the coordination between the General Services Administration ("GSA") and local governments, and other interested parties, with regard to GSA's real property actions, such as the leasing of space for Federal agencies or the construction of new Federal facilities. Over the past 18 years, the National Trust has helped promote the economic good health of more than 1,300 local communities through its Main Street Program, a comprehensive, a locally managed program of historic preservation and coordinated commercial management. In addition to our direct experience in downtown revitalization, the National Trust has a longstanding involvement on a national level in urging the General Services Administration and other Federal agencies to fully comply with Federal historic preservation law and national policies benefiting our nation's traditional commercial centers.

nationwide, GSA controls almost 300 million square feet of office space in more than 8,000 buildings, providing space for more than one million Federal employees. The National Trust is particularly concerned about the activities of Federal agencies, such as GSA, whose programs and policies have wide-reaching power to affect America's historic areas, particularly our traditional central business districts. Consequently, on May 2, 1996, the National Trust and the General Services Administration convened an Urban Issues Roundtable, attended by David Barram, GSA Administrator, Robert Peck, Commissioner of GSA's Public Buildings Services, as well as nonprofit urban interest groups and historic preservation advocates. Participants in the roundtable engaged in constructive dialog about national locational policies for Federal buildings and worked to identify areas for mutual activity in the adaptation of historic buildings for contemporary Federal use. Soon after the Urban Issues Roundtable, President Clinton signed Executive Order 13006.

Currently the Mountains/Plains Regional Office is continuing the National Trust's advocacy efforts by working with staff of GSA's Region 8, local government representatives, historic preservationists, and downtown revitalization advocates to promote full community participation in GSA projects in Salt Lake City, Utah, and Butte, Montana. The National Trust's primary goal in both cities is to ensure implementation of Executive Order 13006 and compliance with the National Historic Preservation Act.

Public Input and Local Community Involvement are Critical Components of Federal Law and National Policy Regarding the Preservation of Historic Resources and the Strengthening of Downtown Commercial Centers.

The General Services Administration—and, in fact, each Federal agency—has a responsibility to protect and utilize historic buildings and districts. Importantly, Executive Orders 12072 and 13006, as well as the National Historic Preservation Act and Public Buildings Cooperative Use Act, expressly link the Federal Government's historic preservation responsibilities with an affirmative obligation to consult with and consider the views of local government, community leaders, and other interested parties.

- Executive Order 12072, issued by President Carter in August 1978, strengthens our Nation's cities by committing Federal agencies to a policy of establishing new

Federal buildings within the central business districts of metropolitan areas. In implementing Executive Order 12072, GSA must seriously consider the impact that the location or relocation of a Federal facility will have on the social, economic, environmental, and cultural conditions of the affected local community. In meeting Federal space needs, GSA must consider recommendations provided by representatives of local government.

- Executive Order 13006, which complements Executive Order 12072 and was issued by President Clinton in May 1996, establishes that the Federal Government “shall utilize and maintain . . . historic properties and districts, especially those located in our central business areas.” Executive Order 13006 directs GSA, and other Federal agencies, to form partnerships with local governments and appropriate private organizations to enhance their participation in the National Historic Preservation Program. These partnerships are to “embody the principles of administrative flexibility, reduced paperwork, and increased service to the public.”

- National Historic Preservation Act of 1966 directs Federal agencies to provide “leadership in the preservation of . . . historic resources” and “encourage the public and private . . . utilization of all usable elements of the Nation’s historic built environment.” A key element of the Act is the Section 106 review process in which the impacts of federally funded or approved projects are evaluated and alternative approaches are explored to reduce adverse impacts to historic resources. Section 106 consultation is frequently the only forum available to help local communities seeking to protect their traditional commercial downtowns, when those areas are threatened by Federal agency actions. Consequently, Federal regulations implementing Section 106 require that local governments be given the opportunity to participate in the mandatory consultation process whenever the Federal undertaking may affect historic properties within the local government’s jurisdiction.

- Public Buildings Cooperative Use Act of 1976 directs the Federal Government to locate Federal facilities in suitable structures of “historic, architectural, or cultural significance,” unless such a location would not be feasible and prudent when compared with available alternatives. Further, the Act states that GSA has an affirmative obligation to consult with local government, and seek comments from community leaders and members of the general public, whenever the agency constructs, alters, or otherwise acquires space for Federal agencies.

Despite these Mandates, the General Services Administration has an Uneven Record of Community Involvement and Historic Preservation.

The General Services Administration has demonstrated that it can fulfill the spirit and letter of Executive Order 13006:

- Savannah, Georgia: To its credit, in Savannah GSA has involved local input—early and often—in a Federal courthouse project set in a historic district. For example, GSA appointed Savannah historic preservation experts as jurors in the “Design Excellence Program” competition that selects the design architect.

- Wilkes-Barre, Pennsylvania: With help from Congressman Paul Kanjorski and the mayor of Wilkes-Barre, GSA decided to convert a historic brewery into a new, 120,000 square foot Federal agency complex. The historic preservation project is viewed locally as the foundation for economic revitalization of downtown Wilkes-Barre, and GSA is seen as a valuable partner in the community’s redevelopment.

- Casa Grande, Arizona: After considerable advocacy by the local government and Main Street program, GSA was convinced to lease space for a branch office of the Social Security Administration in an area of Casa Grande which will soon be listed on the National Register. After seriously considering construction of a new facility outside of downtown, GSA was persuaded to join the local revitalization effort.

Elsewhere, unfortunately, GSA has not done so well:

- Clarksburg, West Virginia: GSA missed an opportunity to demonstrate the cost-effectiveness of preservation in a historic downtown when, instead of actively pursuing a preservation solution, GSA decided to consolidate Federal offices into a new building. The new facility will be constructed by a private developer and leased to the Federal Government. GSA’s original plans gave no consideration to renovating historic buildings for Federal use. Later, when community reaction compelled GSA to consider leasing a turn-of-the-century building in a National Register historic district, GSA established impossible hurdles to preservation by greatly inflating the costs of rehabilitation in comparison to new construction. Eventually GSA went through the motions of complying with Executive Order 13006 and the National Historic Preservation Act but in a manner that treated the agency’s preservation responsibilities as an empty paper exercise.

- Salt Lake City, Utah: In Salt Lake, GSA proposes to construct a new annex to a historic Federal courthouse. Although the Federal courts will remain downtown in furtherance of the Executive Orders, the project may adversely affect significant historic resources, including the Oddfellows Building and Moss Courthouse, both

listed on the National Register of Historic Places, as well as the locally designated Exchange Place Historic District. Regrettably, GSA conducted its early planning processes without community input and is now attempting to move through the Section 106 review on a compressed schedule. The Utah State Historic Preservation Office and nonprofit Utah Heritage Foundation expressed interest and offered assistance as early as December 1996, but were not invited to participate in meaningful consultation until December 1997. In the meantime, key decisions were made. For instance, the project architect was selected in the "Design Excellence Program" competition with no involvement of Salt Lake architects or preservation experts. Unfortunately, although a genuine effort is underway to establish a constructive consultation process, GSA project staff lack experience with historic resources, are unfamiliar with Federal preservation mandates, and, perhaps most important, seem reluctant to respect input from the local community or interested parties.

- **Butte, Montana:** In Butte, GSA is seeking to lease new space for the Federal Military Entrance Processing Station ("MEPS") which serves the State of Montana. The leasing action may result in the abandonment of the Federal agency's longtime home in the historic Finlen Hotel and relocation of the facility outside of the Uptown area, Butte's traditional commercial core, which has been designated a National Historic Landmark District. As you will hear from others involved in this matter, from the outset GSA made critical mistakes, including not contacting the Butte-Silver Bow Urban Redevelopment Agency. Despite the combined efforts of the Butte-Silver Bow Urban Redevelopment Agency and Historic Preservation Office, Montana State Historic Preservation Office, Advisory Council on Historic Preservation, and National Trust to ensure that GSA and MEPS implement Executive Order 13006 and comply with the National Historic Preservation Act, we remain concerned that historic buildings have been unnecessarily excluded from consideration and that the MEPS facility may be moved out of the Butte National Historic Landmark District.

Recommendation: The General Services Administration Should Broaden the Agency's "Good Neighbor Program" Beyond Business Improvement Districts.

In September 1996, GSA Administrator David Barram announced the "Good Neighbor Program," a new and constructive public/private partnership with urban downtown associations, which calls for GSA to become a full participant in the nation's business improvement districts ("BIDs"). This was a bold move that has produced good results for many communities. The GSA should be commended for establishing its Good Neighbor Program.

However, the establishment of a BID, which typically does not encompass a community's entire central business area, is only one of many possible funding mechanisms a community can use to revitalize and manage its downtown. Consequently, GSA's partnerships to invigorate BIDs may not reach the economic and civic life of the whole downtown, and certainly does not assist those communities that have not established such special districts. As a result, in the National Trust's experience, some Main Street communities have had a difficult time figuring out how to negotiate the establishment of the sort of public/private partnership with GSA contemplated by Administrator Barram.

In order for the General Services Administration to help leverage the significant investment in economic development and downtown revitalization made by local communities, the National Trust recommends that GSA fully embrace the concept of its Good Neighbor Program and take steps to broaden this worthy program's scope beyond America's Business Improvement Districts.

Recommendation: The General Services Administration Should Issue Implementing Guidelines for Executive Order 13006.

President Clinton signed Executive Order 13006 in May 1996. Today, almost 2 years later, the GSA has not issued any formal guidance on the implementation of the Executive Order. As the Federal Government's main landlord and real estate developer, it is incumbent upon the GSA to show clear leadership in realizing the practical benefits of Executive Order 13006 in the field. Therefore, the National Trust recommends that GSA complete, circulate for review and officially issue the necessary implementation guidelines, which should provide for at least the following actions:

- **Partnerships:** GSA must promote the establishment and cultivation of working relationships with local governments, community leaders, and interested parties. GSA must provide adequate guidance, and hold GSA staff accountable, for consulting with local partners.

- **Policy Reform:** GSA and all Federal agencies must systematically reform all policies and procedures that impede the use of historic structures for Federal office location. For example, GSA employs an "acceptable reinvestment level" policy whereby GSA requires that renovation of historic structures must cost 60 percent

or less than the cost of constructing a replacement structure of comparable size. GSA must set new standards for economic feasibility and operational appropriateness that meet the spirit and letter of Executive Order 13006.

- **Price Evaluation Preference:** Pursuant to Executive Order 13006, GSA must adopt measures that offer a new and substantial “bottom line” preference to historic properties. Pursuant to the Public Buildings Cooperative Use Act, GSA already offers a 10-percent “historic preference” to offerors of space in historic buildings. To implement Executive Order 13006, GSA must increase the percentage amount of the price evaluation preference, and explore and institute other measures that actively promote Federal utilization of historic buildings and districts.

- **Training for GSA Staff and for Client Agencies:** GSA must require training for GSA staff—and should offer training opportunities to other Federal agencies—to assure that the Federal Government meets its statutory historic preservation responsibilities. More important, however, GSA must provide its staff with the training, guidance, and incentives necessary to promote widespread use of the practical, entrepreneurial real estate development methods that have made the rehabilitation and adaptive use of historic buildings a successful tool of downtown revitalization by both the private and public sectors.

- **Accountability and Incentives for Implementation:** Today, the bottom line for GSA locational policies and real property development decisions is time and money. In recognition of the national policy articulated by Executive Order 13006, GSA must work to change this aspect of its institutional culture. The agency must provide adequate incentives, and hold GSA staff accountable, for full implementation of Executive Orders 12072 and 13006, as well as the National Historic Preservation Act and Public Buildings Cooperative Use Act, for the benefit of the nation’s downtowns.

Recommendation: The U.S. Congress Should Codify Executive Order 13006.

Recognizing that the persuasive power of Executive Order 13006 may not be sufficient to reaffirm the Federal Government’s leadership in historic preservation and downtown revitalization, the National Trust recommends that Executive Order 13006 be made law. Congressman Joel Hefley has introduced H.R. 1522, the Historic Preservation Fund Reauthorization, which includes the language of Executive Order 13006. The National Trust enthusiastically supports H.R. 1522.

Senator Baucus, this concludes my testimony. Thank you for the opportunity to testify before this Committee.

PREPARED STATEMENT OF MECHELLE SCHULTZ, DIRECTOR OF THE DOWNTOWN
BILLINGS ASSOCIATION

Dear Senator Baucus and Members of the Committee: I am pleased to represent the Downtown Billings Association and other downtown business interests in providing testimony regarding the procurement process for Federal office space in Montana. As director of the Downtown Billings Association, I represent more than 183 member businesses. The association supports plans to reverse the decline in the profitability and viability of businesses within the downtown area. Our members include most of the retail shops, financial institutions, hotels, restaurants, museums and cultural services, professional offices, and service businesses in downtown Billings. These members have joined with the community to raise funds for downtown revitalization and planning. A copy of our membership directory is attached, and I ask that this exhibit be submitted for the record along with my testimony.

Downtown Billings will lose 225 of its highest paying jobs if the Bureau of Land Management (BLM) relocates from the community core. The economic vitality of the downtown area depends upon the patronage of downtown workers. Downtown Billings was devastated by the loss of its last remaining department store 2 years ago and cannot bear the future loss of Federal employees. Area restaurants, service businesses, and retail shops will suffer declines in their business attributable to the loss of the BLM employees. Similarly, hotels, restaurants, and other retail establishment will be affected by the loss of business from customers who currently travel to downtown Billings to transact business with Federal employees.

Billings has experienced a 40 percent decline in taxable value in the downtown area since 1987. Downtown employees, including Federal workers, have been the mainstay of the downtown community, especially given the decline in retail trade and the oil and gas industry. At this time, the Federal Government employs approximately 950 full time equivalent (FTE) workers, including the BLM employees, in the downtown area.

In addition to the potential loss of downtown employees, downtown property owners will lose their Federal tenants. The vacancy rate for office space in downtown Billings is estimated to be 15 percent to 20 percent at this time.

Our greatest frustration in our efforts to preserve these high-paying jobs has been our inability to communicate with the General Services Administration (GSA) regarding its location decisions for Federal office space in the community. For example, we sent numerous communications to the GSA regarding the BLM bidding process, but received no response from the GSA. The only correspondence I received throughout the bidding process was a notice dated February 4, 1998 from Ms. Polly Baca, Regional Administrator for the GSA, who informed me that the lease contract for the building had been awarded. A copy of this letter is attached to my testimony. Due to this lack of communication, we have been unable to offer our input in the bidding process or to demonstrate the negative impact of this decision on our community.

At this time, the Downtown Billings Association requests a 6-month moratorium on decisions relating to Federal building projects in Montana. This moratorium would allow time for communities to offer solutions to the Federal Government on their building needs and appropriate locations. We would like to work with the GSA and other Federal agencies in the manner outlined in President Carter's Executive Order 12072.

We appreciate your consideration of our request.

Respectfully submitted,

MECHELLE SCHULTZ,
Director.

DOWNTOWN BILLINGS ASSOCIATION MEMBER LIST

Al's Bootery
 Alberta Bair Theater
 American Heart Association
 Appraisal Inspection Services
 Artcraft Printers of Billings, Inc.
 Associated Employers of Montana
 Auto Brokers
 Auto Doctor
 Barjon's Books
 Barnett Opticians
 Basket Creations
 Beartooth Oil & Gas Company
 Best Realty Inc., Better, Homes & Gardens
 Best Western Ponderosa Inn
 Beverly Ross
 Billings Area Chamber of Commerce
 Billings Army Navy Surplus
 Billings Clearing House
 Billings Family YMCA
 Billings Federal Credit Union
 Billings Food Bank Inc
 Billings Gazette
 Billings Outpost
 Billings Petroleum Club
 Billings Sports Club
 Billings Symphony Society
 Billings Travel West Inn
 Broadway Place Technology Business Center
 Brockels Chocolates
 Budget Instant Print Inc.
 Burtchaell Photography
 Buttrey Food & Drug
 Cactus Rose
 Casablanca Coffee Haus
 Caseys Golden Pheasant
 Cattins Family Dining
 Center Lodge Inc
 Chicago Title Insurance
 Christian Science Reading Room
 Citadel Broadcasting

City of Billings
 Commonwealth International
 Computers Unlimited
 Connie M. Wardell
 Connolly's Saddlery
 Cook Travel
 Coxwell Architect
 Cricket Clothing Company
 Crowley Law Firm
 Crystal Lounge
 D A Davidson & Company
 Dain Rauscher Corp
 Deaconess Billings Clinic
 Deaconess Foundation
 Denny Menholt Frontier Chevrolet/Geo
 Desmonds
 Diamond Parking
 Don Knapp
 Dude Rancher Lodge Company
 Econo Print
 El Burrito Cafeteria
 Empire Bar Inc
 Empire Sand & Gravel Company Inc.
 ERA Land 500
 Ethan Allen
 Exclamation Point
 Farmers Insurance Group
 First Bank Billings
 First Citizens Bank
 First Interstate Bank
 First Montana Title Co of Billings
 Fischer & Associates
 Gainan's Flowers
 Galusha Higgins & Galusha
 Gene Rockman Associates
 George Henry's Restaurant
 Global Village
 Golden Crown Gifts
 Grand Bagel Company
 Hagen Printing
 High Plains Productions Inc
 Hoiness Labar Insurance
 Holiday #274
 Holliday Furniture
 Inacom Information Systems
 Insty Prints
 Jakes
 James Turley, D.D.S.
 Jasons
 Joe Lowther Insurance Agency Inc
 John's Outback
 Josephine Bed & Breakfast
 Kaspers Photo Shops Inc.
 Kathy McCleary
 KHG Advertising
 Kids & Company
 Kinkos Billings Downtown
 Kitchen Cupboard
 KSVI—TV
 KTVQ 2 The News Station
 Le Boutique
 Le Croissant
 Lou Taubert Ranch Outfitters
 Mail Drop
 Marlo Jewelers Inc
 McBride & McBride Optometrists
 McNamer Thompson Law Firm P.C.
 Mental Health Center

Merrill Lynch Pierce Fenner Smith
 Midas Muffler
 Montana Brewing Company
 Montana Dakota Utilities
 Montana Development
 Montana Leather Company
 Montana Power Company
 Montana Tradeport Authority
 Monte Carlo Casino
 Moss Mansion
 Moulton Bellingham Longo Mather
 Mountain Mudd
 Muddy Waters Espresso
 Murphy & Kirkpatrick
 New York Life Insurance Co.
 Nick Sasich
 Northwestern Mutual Life
 Norwest Bank Montana, N.A.
 Norwest Mortgage Inc
 Pauly's Pub
 Pepsi-Cola Bottling Company
 Perkins Restaurant
 Peter Yegen Inc
 Peter Yegen Jr., Yellowstone County Musuem
 Phonetel Communications
 Pierce flooring/Geo R Pierce
 Piper Jaffray
 Planteriors
 Pretty Women
 Principal Financial Group
 Prudential/Floberg Property Mgmt
 Publication Designs
 Pug Mahons
 Radisson Northern Hotel
 Reliable Tent & Awning
 Roche Gear
 Satin Garter
 Schutz Foss Architects
 Selover Buick
 Sheraton Billings Hotel
 Sir Speedy
 Smith Funeral Chapel Inc
 Snook Art Company
 Snow Country Clothing
 St Vincent Hospital & Health Center
 State Fur Salon
 Stogies . . . Premium Cigars, News and Gifts
 Stuarts Applied Graphics Inc
 Subway
 Sylvesters Bargain Emporium Inc
 Thai Orchid
 The Aroma Store
 The Castle
 The Event Club
 The Goldsmith Gallery Jewelers
 The Painted Pony
 Todd Miller
 Tolco Management
 Tony Soueidi Jewelers
 Toucan Gallery
 Unique Reflection
 United Properties
 Universal Adwards
 Walkers Grill
 Wendys
 Western Federal Savings Bank
 Western Pawn
 Western Technology Partners

Wetzels Quality Cleaners
 White Family LLC
 Yellowstone Art Museum
 Yellowstone Printing & Design
 Yellowstone Shopper
 Yesteryears Antiques & Crafts
 Zoot Banking Systems

DOWNTOWN BILLINGS ASSOCIATION, INC.,
Billings, MT.

*Region Administrator,
 General Services Administration,
 Denver, CO.*

DEAR REGION ADMINISTRATOR: As president of the Downtown Billings Association I would like to urge you to reopen the site consideration for your proposed new BLM facility to be located in Billings, MT. Location of the facility on the Arcade block as being proposed by City Councilman, Mark Kennedy would not only keep the 200 plus BLM employees in the downtown area, but would also act as a bridge between the downtown core and the South 27th Street Corridor which is steadily redeveloping.

A core of energetic and dedicated citizens have been working for 2 years to put in place a mechanism and a plan for the revitalization of Downtown Billings. Keeping facilities like the BLM in the Downtown are key to attracting private business to locate downtown.

If the competition were reopened to consider a downtown site I am sure that our public leadership would grasp with vigor the opportunity to provide an affordable site to developers. This is an opportunity to demonstrate how the city of Billings and the Federal Government can partner for a win/win situation. Please don't let this opportunity pass!

Sincerely,

JONATHAN E. COXWELL, *President,
 Downtown Billings Association.*

DOWNTOWN BILLINGS ASSOCIATION, INC.,
Billings, MT, December 12, 1997.

*Ms. POLLY BACA, RA,
 General Services Administration,
 Denver, CO.*

DEAR MS. POLLY BACA: Enclosed please find the results of an effort put forth by several of our DBA members regarding the BLM's possible move out of Downtown Billings, Montana. Business owners, managers and employees whose living relies in part on the business that BLM employees provide, signed these cards. This effort took place in 1 day as we realize that time is growing short. We hope this begins to send a message that we need the BLM Downtown.

A month ago, we sent a letter urging you to reopen the site consideration for your proposed new BLM facility. We would like to reiterate this request. Downtown stakeholders and dedicated citizens have developed a plan to revitalize our neighborhood and we realize how important facilities like the BLM are to Downtown. The Downtown Billings Association wants the BLM to remain Downtown for the sake of our neighborhood. Please consider all of your options and make a Downtown location a priority.

Please be a "Good Neighbor" and help us keep Downtown Billings alive.

Sincerely,

MECHELLE SCHULTZ,
Director.

GENERAL SERVICES ADMINISTRATION,
REGIONAL ADMINISTRATOR,
Denver, CO, February 4, 1998.

Ms. MECHELLE SCHULTZ,
Downtown Billings Association, Inc.
Billings, MT.

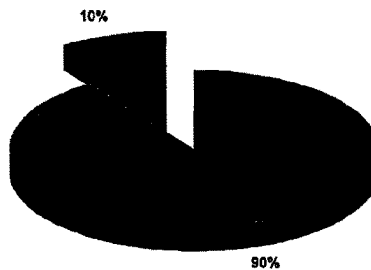
DEAR MS. SCHULTZ: Thank you very much for your expressions of concern regarding the Bureau of Land Management lease procurement project in Billings, Montana. As you may be aware, the lease contract was awarded December 29, 1997. Please rest assured that any action taken on behalf of the Bureau of Land Management has been done with the best interest of all United States taxpayers in mind.

If you have further questions regarding this matter, please contact Ms. Sandra DiBernardo, Director of our Mountain/Plains Service Center, at (303) 236-1770.

Sincerely,

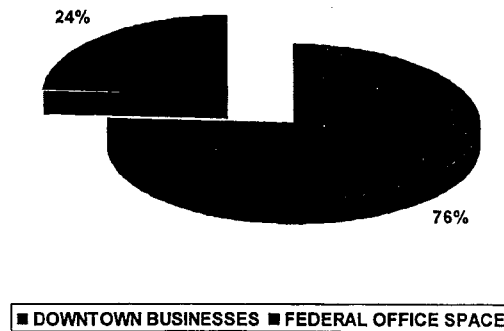
POLLY BACA,
Regional Administrator.

CORE DOWNTOWN EMPLOYEES



■ DOWNTOWN ■ FEDERAL EMPLOYEES

CORE DOWNTOWN OFFICE SPACE



PLANTERIOS UNLIMITED,
Billings, MT, February 12, 1998.

*Senate Committee on Environment and Public Works,
Washington, DC.*

RE: GSA'S COORDINATION WITH MONTANA COMMUNITIES ON FEDERAL BUILDING AND
LEASING PROJECTS

As a Billings small business owner and co-chair of our recent 2-year planning effort to revitalize and stimulate Downtown Billings, I would like to emphasize the concern of the community regarding the GSA bidding process which appears to preclude downtown locations in our State. The presence of Federal offices in the hearts of our cities has always been crucial to the economic vitality of the community. I am extremely frustrated with the current effort to move these offices to the edges of our towns, emptying buildings and creating job loss for local businesses.

The plan for our future which was recently approved by the city of Billings and Yellowstone County envisions a healthy downtown which is a governmental and business center. The community has worked hard in the past to improve the downtown neighborhood in which Federal employees spend their working hours and we value their continued presence to make things even better in our community core.

While attending an International Downtown Association meeting in Portland, Oregon, last Spring I heard a wonderful presentation by GSA representatives relating to their adherence to the Executive Order requiring consultation with local officials in making location decisions. I urge you to require the GSA to follow-up on that commitment in their dealings with Montana communities.

Sincerely,

KAY FOSTER,
Owner.

ROCKE G.E.A.R CLOTHING COMPANY,
Billings, MT, February 10, 1998.

SUBJECT: BLM BUILDING

DEAR SENATOR MAX BAUCUS: Thank you for holding this hearing regarding the GSA and their impact on local communities. In specific I would like to comment on

the impact the BLM's employees have on downtown Billings. I located my retail store in downtown Billings almost 6 years ago. I have since seen ups and downs regarding the economic environment. Downtown Billings has weathered the storm of urban sprawl up to this point fairly well, however the actions of the GSA moving the BLM offices out of downtown may be detrimental to the economic well-being of downtown.

The BLM employees are a significant part of the economy of downtown and are very important to my retail business. Please consider each of the small businesses located in the downtown area and how they will be affected before making any decisions about moving the BLM offices out of downtown. The amount of money that can be saved by moving the BLM offices pales in comparison to the overall detriment that each and every one of the small businesses in downtown will feel.

In closing, I would like to remind you that President Clinton has suggested that before any Federal employees are moved out of downtown areas. All other alternatives should be exhausted and the economic impact in the area should be considered. This is a clear case of urban sprawl that will not benefit the community as a whole and will certainly be unhealthy to downtown Billings.

Respectfully,

CHUCK BARTHULY,
President.

NATIONAL TRUST FOR HISTORIC PRESERVATION,
BOARD OF ADVISORS,
Denver, CO.

Senator MAX BAUCUS,
*Senate Office Building,
Washington, DC.*

DEAR SENATOR BAUCUS: Downtowns are making a come back! In the face of first malls and now super stores, communities are realizing that restoring the active life that their Main Street districts once supported will benefit not only a town's economy but also its sense of identity.

In Billings we are working on just such a plan. While we are working, this country's biggest developer is thwarting these efforts. That developer is Uncle Sam, and be it the postal service or GSA, we find the Federal Governments developers are not accountable to the communities in question, and not interested in the good of the community.

GSA is vacating buildings in our downtown core, creating job losses and vacancy rates that will make recovery difficult. While we work hard and spend money to revitalize, we have the U.S. Government developer working against us.

In spite of an Executive order, the Historic Preservation Act's section 106 review, and the Public Building Cooperative Use Act that mandates that Federal agencies use existing historic buildings for office space downtown, GSA continues to vacate.

GSA has a Washington-based office run by a Presidentially appointed administrator. In 25 years there have been more than 15 administrators. The regional administrator is permanent staff.

This suggests to me that there is some difficulty in controlling the inner bureaucracy.

Maybe it is time for congressional action. Maybe it is time for legislation. Maybe it is time for communities to feel like they are working WITH GSA to find solutions.

It seems clear that this Federal agency lacks the ability to enforce the congressional will and the will of the people.

It really is quite simple. GSA must be accountable.

Sincerely,

JUDY McNALLY.

*It's all
Downtown!*



DOWNTOWN BILLINGS ASSOCIATION INC
8910 Third Avenue North • Billings, MT 59101
259-5860 • Fax 248-6928

February 5, 1998

TO: GSA
FROM: Downtown retail business owners
RE: Departure of federal agencies out of Downtown

We, the undersigned retail business owners, are heavily supported by Downtown employees, many of which work for federal agencies. Our business depends on federal employees and moving these federal agencies out of Downtown must stop!

Business	Name	Address
Goldsmith Gallery	Scott Wilson	2820 2nd Ave N.
Muddy Waters	BCH BRANT	2817 2nd Ave N.
Cricket Clothing	Jim Petersen	2814 2nd Ave N.
American West Gallery	Donna Spohn	2814 2nd Ave N.
Antoine Saverio	TONY SOUEIDA	248 22 33 - 2810 2nd Ave N
SHERATON HOTEL	Don Dubaniewicz	27 N 27th St
BROADWAY Music	Bob Allen	124 N. 28th St
JDL & Associates, Inc.	J. J. J. J.	TWS 4107, 404 N. 31st
Golden Crown Gift	WG Jackson	120 N Broadway
Maure Sullivan	Kicis-u	116 N. Broadway
Shark Jewelers	Sh. Johnson	207 N. Broadway
Candyland	Scott McElroy	2709 1st Ave N.
THE PRIMA STORE	Mary Hernandez	2715 1st Ave N
Bead Depot	Rui Lyth	2717-B 1st Ave N.
JASONS	Bob Maggini	112 N. Broadway, USA
Desmonds	Nick Blake	104 N. Broadway

KASPER'S PHOTO Lori Dull 224 N. 29th St.
 J.B.T.B. Jim Whitbeck 214 N. 29th St.
 YESTERYEARS ANTIQUES Maryann Jepsen 114-118 N. 29th St.
 Crafts Mall on the Mezz Maryann Jepsen 114 N. 29th St.
 Billings Blue Print Co. Photo Smart 112 NW 29th St.
 Sylvesters Shannon Jepsen 2901 1st Ave. N.
 Anastasakis Judy Herold 113 N. 29th
 Sacred Spaces Kate Jepsen 119 N. 29th
 Center Lodge Juice Jepsen
 Thomas Books Susan Thomas 209 N. 29th
 John P. Gannon Jeff Ham 2818 3rd N.
 New A.H. Tide 302 W. 29th St.
 Hagen Printing Co. Bernard Hagen Steffen 2909-3rd Ave
 Emerson Jewelry Gary Jepsen 2913 3rd Ave

Unique Reflections Joyce O'Leary 2519 2nd Ave N.

Uncommon Dressed Bill Mallin 3011 1st Ave N.
 Sweetgrass Sewing Co. Robert J. Smith 2908 1st Ave N.
 Monte Carlo Casino Neal LaFon 2824 1st Ave N.
 Guadalajara Mex. Rest. Juan Nuno 17 N. 29th Street.
 Stella's Kitchen + Bakery Jacque Ziegler 110 N. 29th
 Piny's Tavern Art Heller 323 N. 29th
 Piny's Mahls Reddy 3011 1st Ave N.
 Jake's John Negu 100 W. 27th
 Casap Ayra Cohen 109 W. Broadway
 Montana Brewing Co. Mike Schmacke 113 N. Broadway
 Paul's Pub Paul Williams 119 W. Broadway
 Billings Club Toast 2702 1st Ave N.
 Thai Pickle Pong Pong 2926 2nd Ave
 The Rox 2401 Madison

Sub Western Ponderosa Inn *Handwritten signature* 2511-1st Ave S.W.
 Best Western Ponderosa Inn *Handwritten signature* 2511-1st Ave N.W.
 Sheraton Hotel *Handwritten signature* 27 N 27th ST

We, the undersigned, are concerned about the Bureau of Land Management's vacating downtown Billings. This vacating is in violation the General Services Agency's "Good Neighbor" policy relating to downtown renovations.

SIGNATURE	PRINT LAST NAME	ADDRESS
<i>Handwritten signature</i>	MATZ	2110 Overland #108
<i>Handwritten signature</i>	STILLER	2110 OVERLAND ST. 105
<i>Handwritten signature</i>	MATZ	3729 DURLAND DR 59102
<i>Handwritten signature</i>	Rannabarger	231 CHACO CANYON 59102
<i>Handwritten signature</i>	Rannabarger	231 CHACO CANYON 59102
<i>Handwritten signature</i>	MURRAY	2812 13th Ave. N. 59102
<i>Handwritten signature</i>	THOMPSON	2413 Broadway 59102
<i>Handwritten signature</i>	Conrad	570 Revolution 59105
<i>Handwritten signature</i>	BARY GILMAN	4415 Lewis Ave Billings MT.
<i>Handwritten signature</i>	LARSEN	1141 26th Ave W Havre MT
<i>Handwritten signature</i>	McCUNE	1648 SAGEBUSH RD 59101
<i>Handwritten signature</i>	VELACHER	3526 CENTRAL RD 59101
<i>Handwritten signature</i>	Mueller	8th MT.
<i>Handwritten signature</i>	PEARSON	6705 STELLERSON 59101
<i>Handwritten signature</i>	Pearson	6705 STELLERSON 59101
<i>Handwritten signature</i>	STARRE	6222 Bench 59105
<i>Handwritten signature</i>	HERTENSTEIN	408 BURLINGTON 59101
<i>Handwritten signature</i>	Nelson	3047 Burlington 59102
<i>Handwritten signature</i>	FAVINGER	24A AVE B, BLGS 59101
<i>Handwritten signature</i>	Pierboeck	2210 Sunnyvale 59102
<i>Handwritten signature</i>	LANDIN	3031 Lyons Ln, Bldg 59102
<i>Handwritten signature</i>	LA FEVEA	4448 Palumbo Pl, Bldg 59102
<i>Handwritten signature</i>	KUCEPA	3131 Back-liff Billings MT 59102
<i>Handwritten signature</i>	SCHROEDER	1906 13th Ave N
<i>Handwritten signature</i>	Siewert	9448 Highland Pk Dr. Highland 59019
<i>Handwritten signature</i>	Siewert	U N U U
<i>Handwritten signature</i>	Nelson	532 Burlington Dr. Mtn 59101
<i>Handwritten signature</i>	ULAIW	947 Aronson
<i>Handwritten signature</i>	Abelgren	3020 Park H, W

Jencha Bonagolsky	Bonagolsky	820 Arlington #30
Emilio Bonagolsky	Bonagolsky	612 North 13th
Miranda	MIRANDA	1445 GRANITE
Dee Schafnitz	Schafnitz	2034 Meadowood
John Schafnitz	Schafnitz	2034 MEADOWOOD
Frank Lange	LANGE	215 Ave C
De Gorman	De Gorman	107 Alderson Ave.
R. A. Dennis Olson	Olson	524 Wyoming
Imanish Howe	HOWE	2328 4th Street
Donald Bramble	Bramble	831 Terry
Jim Hogan	Hogan	2907 Lamona
Walter Klusdahl	Klusdahl	4335 Phillip
Wm. Welborn	Welborn	3608 McGill
Charles Miklovich	Miklovich	Box 152
Charles Schlenker	Schlenker	521 Cook
Charles Schlenker	Schlenker	521 Cook
Jim Eckenroed	Eckenroed	1010 Orchard
Edison		
Edison	Gordon	2703 Poly Dr.
Jack O. Rehberg	Rehberg	2922 Glenwood L
Sam Olsen	OLSEN	2112 FAIRMEN PL
Paul Whiting	Whiting	139 Wyoming
James Smith	Smith	718 Clark
John Smith	Christie	3213 Centra
John Smith	Smith	627 Miles
Sam Martin	Martin	2548 Glen
Jim Olsen	OLSEN	2112 FAIRMEN PL
John Southern	SOUTHERN	1721 NATALIE St.
Bob Tuckering	TUCKERING	1421 LAKE ELMO DR

Jack Siskin	JACK SISKIN	2912 Radcliff Bldg
Robert Siskin	ROBERT SISKIN	2909 Radcliff Bldg
M. S. Siskin	M. S. SISKIN	2902 Radcliff Bldg
William Siskin	WILLIAM SISKIN	1139 North 20th
James Carlson	JAMES CARLSON	1139 N 20th St
Davidson	DAVIDSON	5904 Frey Rd
Grady Davidson	GRADY DAVIDSON	105 24th Ave. W. Laurel
Smith	SMITH	2512 COOPER Bldg Bldg
Yegor	YEGOR	Bx 955 Bldg S9103
Yegor	YEGOR	11 11
Yegor	YEGOR	✓ ✓
W. S. Siskin	W. S. SISKIN	1406 Howard Ave Bldg
W. S. Siskin	W. S. SISKIN	2400 E. 11th
W. S. Siskin	W. S. SISKIN	3106 Stillwater Dr. Bldg
M. S. Siskin	M. S. SISKIN	1016 S. BROADWAY AVE.
Michael Siskin	MICHAEL SISKIN	742 Parkview
W. S. Siskin	W. S. SISKIN	633 Custer
W. S. Siskin	W. S. SISKIN	1600 AVE. E, Bldg
W. S. Siskin	W. S. SISKIN	3250 Takar Dr
W. S. Siskin	W. S. SISKIN	2625 N. BENDAGE Bldg
W. S. Siskin	W. S. SISKIN	2644 COUNTRY LANE Bldg
W. S. Siskin	W. S. SISKIN	3427 Timpanine Dr. Bldg
W. S. Siskin	W. S. SISKIN	2123 Interlachen Bldg
W. S. Siskin	W. S. SISKIN	623 338th St
W. S. Siskin	W. S. SISKIN	850 LOBBY 59105
W. S. Siskin	W. S. SISKIN	850 LOBBY 59105
W. S. Siskin	W. S. SISKIN	279 CLECK AVE.
W. S. Siskin	W. S. SISKIN	Bldg. 59102
W. S. Siskin	W. S. SISKIN	2741 Coffey
W. S. Siskin	W. S. SISKIN	59101

Lora Walker	WALKER	1029 N 3 rd
JIM COLLINS	COLLINS	2972 MILK 6 59102
Frank P. Hynes	SHYNE	5718 Creek Drive 59106
David Hynes	VICKERY	1725 2nd Ave 59105
BUD Hynes	MILK LUTYRE	11065 PINE
Frank P. Hynes	FAGG	1040 TERRY 59102
Shelly Britton	Britton	1040 TERRY 59102
Clayton B. Pike	PIKE	823 N 27 th St
Kan Schlenker	Schlenker	Box 3161 59103
Brian Fulton	Fulton	21 N 2 nd
Bob Burtchzell	Burtchzell	1020 Princeton
Bob Burtchzell	Burtchzell	2530 2 nd Avenue N
Willa Volman	Peterson	13012 AUR
Gady Manson	Manson	3637 Station Drive
Ed Luthman	Luthman	4037 Jackson St
Ed Williams	Williams	7030 Seward St 59102
Ed Martin	MARTIN	11008 LEWIS AVE 59102
Cherry Christensen	Christensen	220 N 30 59103
Shirley Wassenaar	Wassenaar	Box 32 Fremont
Don Hanz	Hanz	Box 83, Fremont MT 59027
John Trofurs	Thomson	80 W. 1st St. 59102
Bob Parker	Parker	44 " Prince Charles Drive
Donna Foxman	Luckert	1136 29th St W
Donna Foxman	VAN HOUT	64 AGATE
Christal Brannen	Shannon	7639 Spier Dr.
Jim Hunter	Hunter	1516 TERRY AVE
Kayelle M. Jelliff	Schauff	518 Burkholder
Phyllis Stein	Stein	1310 York Ave

Thomas J. Smith	FENCIL	1220 Hwy Dr. Billings	59102
Bruce J. Smith	Durand	2218 Ash	59101
James B. Hartman	Burthartswier	2004 Elm	59101
Edward J. Larson	Pinnaw	428 Arrow St	59105
John H. Hays	Reck	224 N. Broadway	
John H. Hays	Harthorn	P.O. Box 727	Boys
John H. Hays	Fredlund	2611 Longview	
William L. Jensen	Jochims	317 Quist	Wheat
John A. Johnson	Williams	2330 5th Ave S.	
John H. Hays	Fletcher	3717 Gessner Way	59102
John H. Hays	BATTS	2022 Hickory	Wm.
John H. Hays	KRAMER	2900 Hwy	3
John H. Hays	EVANSON	2815 PATTISON	
John H. Hays	Geffner	2042 Threble	Wm.
John H. Hays	Skinner	622 North 29	
John H. Hays	Doyce	302 CUSTER AVE	
John H. Hays	Scoville	1133 Kristin Dr.	
John H. Hays	Smith	245 Wyoming	
John H. Hays	Clark	1550 Laurel Place #6	
John H. Hays	Edwards	601 Northham Circle #3	
John H. Hays		1343 Granite Ave	
John H. Hays	BIRAC	519 Glen Dr.	
John H. Hays	Garard	511 Indian	
John H. Hays		1312 22nd	
John H. Hays	BARR	1433 Ave F	
John H. Hays	HUCKE	1232 Burlington	
John H. Hays	Schock	3311 2nd Ave N.	
John H. Hays	SUMT	1229 Yale	
John H. Hays	Sievertson	137 Ave B	

Vern Klingman KLINGMAN 1020 14th St W.
 Clarence Byrd NYBO 1119 2nd St W. DR.
 P. Justice 176 Noble St.
 Jim Corson CORSON 410 15th St W.
 Dan Emerson Emerson 445 14th St. W.
 Linda Thompson Moss Moss 2540 4th Ave.
 Tom Towre 2739 Gregory Dr. So.
 H. Tale H. Tale 1326 1st St. SE 5902
 John Towre Towre 2731 Gregory Dr. S.
 Gene Chubb CRABBY 6301 Danford Rd.
 Donald Crabb CRABBY 6301 Danford Rd. Blgs
 Rick Housey Housey 539 Yellowstone Ave. Blgs
 Herman H. Housey Housey 539 Yellowstone Ave.
 Ed Bishop Bishop 2219 Louise Ln. Blgs
 John Johnson Johnson 2303 Virginia Ln. Blgs
 Ronald Rasky RASKY 120 Ave F Billings 59102
 Anna Mackin Mackin P.O. Box 11111 Billings 59102
 Mark Watson WATSON 3130 McBride Billings
 Robert Hubbers Hubbers 2121 Delmar Billings 59102
 Susan Hubbers Hubbers 2121 Delmar Billings 59102
 Chuck Small Small 3515 Paquet
 Thomas E. Kilpatrick KILPATRICK 514 First Ave. S. Billings 59104
 Diana Contreras CONTRERAS 9 S. Crestwood
 Bill Brennan Brennan 3414 2nd Avenue South
 Stu Cantwell Cantwell 5844 Fly Rd. Shepherd 59079
 Seth Crichton Crichton 2414 1st Ave N

John B. Soares SOARES 4440 ANECQUE RD
 William Hoover Hoover 4440 ANECQUE RD
 Dennis Jacobahl Jacobahl 1824 Westwood Dr
 Fred Trask Trask 2011 McKay Cr.
 T. Samisal Samisal 3133 St. Johns Ave
 John Jans Jans 1208 Cottage Ln
 Ann Pickle Pickle 1216 Claim Jumper
 Roni Scott SCOTT 1021 LEWIS AVE

Elizabeth C. Barrett BARRETT 2416 Lorust St.
 Tom Todd Todd 2311 12th St N.
 Gerald Wetzel WETZEL 2417 21st St W.
 David Wetzel WETZEL 2417-21st St W.
 Rick Groshella GROSHELLA 5016 Riverbark Rd

WESTERN HERITAGE CENTER,
 Billings, MT, February 12, 1998.

Senate Committee on Environment and Public Works,
 Washington, DC.

SUBJECT: GSA's COORDINATION WITH LOCAL COMMUNITIES ON FEDERAL BUILDING AND
 LEASING PROJECT

The Western Heritage Center is a regional history museum located in downtown
 Billings. As one of six cultural facilities located in downtown Billings, the board of

directors and staff are very concerned about the loss of the Bureau of Land Management offices from the downtown.

The City of Billings, the Montana Trade Port and many private business owners have recently developed a public/private downtown planning and revitalization effort. This effort has produced a framework plan that has the potential to foster significant investment in the downtown revitalization efforts.

On behalf of the individuals, organizations, businesses and government agencies working together to revitalize downtown Billings, I encourage you to request the Bureau of Land Management reconsider their position. I encourage you to work with BLM to develop a strategy that would meet the agency's needs and would also contribute to downtown Billings revitalization efforts.

Sincerely,

LYNDA BOURQUE MOSS,
Director.

BILLINGS CITY COUNCIL,
Billings, MT, February 15, 1998.

To: GSA and BLM officials attending the Environment and Public Works Committee hearing, Helena, MT

Re: My opposition to moving BLM offices from downtown Billings to another location outside our downtown business district.

From: Jack Johnson, member, Billings City Council, Ward IV

I feel compelled to add my voice and strong feeling of concern for downtown Billings development as relates to the proposed move by BLM via GSA recommendations. I, like fellow city councilman, Mark Kennedy, ' . . . am having a hard time accepting, much less understanding . . . ' BLM's proposal to move their offices from downtown Billings to a different site far from our downtown business area.

I believe BLM state offices should be housed in the Billings downtown district for the following reasons:

1. Executive Order 12072 mandates that "first consideration be given any centralized community business area" in selecting federal office sites.

2. The GSA is to work with each level of government, including local governments, and to consider their recommendations for and objections to any proposed selection site.

3. Should this recommendation for a move be carried out, the loss of jobs and activity in our downtown neighborhood would most certainly have a domino effect through loss or relocation of other businesses in our downtown area.

4. Our downtown property tax base would be at risk. Such reduction would continue as other businesses left the downtown neighborhood and/or new businesses decided not to locate there.

5. Leapfrogging and urban sprawl would continue rather than encouraging much needed infill development and increasing property tax revenues in our town.

6. In his letter of September 11, 1997 to Representative Rick Hill, Acting State Director, Francis R. Cherry, Jr. stated in part, ". . . while we do not wish to be anything less than a "Good Neighbor," we also wish to do what is right for the taxpayer." Our goal is to acquire space which provides the best possible service to our customers, meets the needs of BLM and its employees." "We are doing our best to attain that goal."

We, who represent local government in Billings, agree wholeheartedly with your goal! We earnestly request that you reopen bidding and reconsider downtown locations for Bureau of Land Management state offices and for those reasons stated above. Thank you for your consideration.

MONTANA TRADEPORT AUTHORITY,
CENTER FOR BUSINESS AND ECONOMIC DEVELOPMENT,
Billings, MT, February 13, 1998.

Senate Committee on Environment and Public Works,
Washington, DC.

SUBJECT: GSA'S COORDINATION WITH LOCAL COMMUNITIES ON FEDERAL BUILDING AND LEASING PROJECTS

The Montana Tradeport Authority is a special purpose form of government established by resolution of the Yellowstone County Commission in 1989 to aid economic development in the Yellowstone Region. I will disclose up front to you that one of

the Tradeport Directors is Harrison Fagg, who owns the downtown building presently occupied by the BLM. Under the BLM's present plans, that building will be vacated. The Tradeport is not trying to preserve the status quo for Mr. Fagg in any manner. It is only concerned about the loss of the BLM's presence in Downtown Billings. A brief explanation will clearly demonstrate the Tradeport's concern.

One of the projects being worked on over the past 2 years is Downtown Planning/Revitalization of which Tradeport has been the lead agency spearheading a public/private partnership for downtown revitalization efforts. This group of dedicated people has been able to develop a framework plan that has been approved by the City. This framework plan allows for a large investment in downtown revitalization over the next 10 to 30 years. I am writing to share the concerns of the many people involved in the downtown planning effort who feel very frustrated in dealing with GSA to keep the federal government presence in downtown Billings. The City Administrator and I met personally with the director for BLM and talked with GSA to offer site-specific locations for consideration in the bidding process. We were not alone in our requests. There were others in the community who spoke openly on this issue including the Downtown Business Association, Downtown Partnership Group and the City of Billings. All pleas were ignored.

One other point that should be made is that the Tradeport is not interested in pitting downtown Billings against the outlying areas of Billings or vice versa. However, it is concerned about maintaining a vital downtown core area, which everyone understands is necessary in order to have a strong community. Right now, the downtown core of Billings is hurting badly and becoming weaker by the year. The following will demonstrate the Tradeport's concerns.

The vacancy factor in downtown Billings is presently estimated at 15-20%. The tax increment value of downtown property has declined from a high of \$12,461,078 in 1987 to \$6,472,033 presently, showing a 48% decline in property valuation. This equates to a loss of taxes to the Billings school system, the City of Billings, and Yellowstone County of \$1,500,000 per year. This vacancy factor and declining taxable valuation contrasts with the outlying areas of Billings that presently have no vacancy factor and have increasing property values.

When the BLM leaves downtown Billings, it will create an additional 55,000 square feet of vacant office space. It will not move to a new building downtown, but simply move out of the downtown core area lock, stock and barrel. In so doing, it will remove over 200 employees from downtown Billings who would otherwise buy lunches and shop downtown. The overall health of our community cannot afford such a blow. Anything you can do for the Billings community will be welcomed.

Sincerely,

JERRY S. THOMAS,
Executive Director.

SANDRA HAWKE,
Billings, MT, February 12, 1998.

*Senate Committee on Environment and Public Works,
Washington, DC.*

SUBJECT: GSA's COORDINATION WITH LOCAL COMMUNITIES ON FEDERAL BUILDING AND LEASING PROJECTS

As a downtown property owner and also as a public employee, I am writing to express my concerns about the uncommunicative and unresponsive nature of the GSA in the process of evaluating and selecting a location for BLM offices here in Billings.

"Downtowns" have been the historical seat of government in this and other towns for decades. In Billings, downtown is still the heart of city, county, and federal government and these entities—and citizens who access them—find efficiency in that symbiotic locale.

We as citizens have considered these agencies part of our community and offer our support. When the BLM took responsibility for the Pompey's Pillar monument, local volunteers rallied to support their efforts. For those of us who have appreciated the presence of these agencies in our community, and considered them partners, having the BLM offices plucked out of downtown with no recourse on our part was like having a limb amputated. We could still feel the tingling of the limb, but could no longer communicate.

As a public employee, I know the benefits of keeping community involved with functions of government. Taking time to consider input and opinions may not always be convenient, but sometimes the best solutions come from the ground up, and

the public is, after all, my employer. As a property owner and business person, I am a great believer in keeping "plugged into my neighborhood." There are benefits in listening to the community.

The GSA needs to listen whenever and wherever possible and act more responsively.

Sincerely,

SANDRA HAWKE.

YMCA,
Billings, MT, February 13, 1998.

Hon. MAX BAUCUS,
Senate Committee on Environment and Public Works,
Washington, DC.

RE: GSA'S COORDINATION WITH LOCAL COMMUNITIES ON FEDERAL BUILDING AND
LEASING PROJECTS

DEAR SENATOR BAUCUS: First, many thanks for pursuing this vital issue on behalf of all the Montana cities involved in this process. The location of these Federal facilities is an extremely critical decision for each of these communities. Any steps which would enhance the decision making process involved would obviously be beneficial.

I have both general and specific reasons for my interest in this issue. In general, the decision on location of these Federal facilities can have tremendous impact on a local economy. This is particularly true in Montana where each city involved has a relatively fragile economy. The downtown (central business district) of each of the cities involved has faced serious challenges. The relocation of a major tenant (as in the BLM case) in a downtown has numerous detrimental impacts. First, is the immediate loss of active participants in the central business districts. There are also the long-term impacts of depressed prices for office space and potential loss of tax revenue driven by a likely glut on the market for office square footage.

My more specific concerns revolve around the direct impact on the organization I manage. The Billings Family YMCA has a strong presence in downtown Billings. We have made a substantial commitment to the central business district. The BLM has been an excellent neighbor which provides not only members and participants but also a wide variety of volunteers and leaders for our programs. The loss of this neighbor will without a doubt impact this YMCA.

Unlikely many others are not arguing that either the GSA or the BLM violated the letter of Executive Order #12072. However, I question that the spirit of this directive was served by the process in at least the BLM situation. In the big picture point of view, I am sure that time and care already spent seems substantial. However, the impact on Billings and the other Montana cities is so great that I believe an extraordinary effort is justified.

Very truly yours,

MICHAEL A. LARSON,
Executive Director,
YMCA.
Deputy Mayor,
City of Billings.

FINLEN COMPLEX,
Butte, MT, February 17, 1998.

Hon. MAX BAUCUS,
U.S. Senator,
Butte, MT.

DEAR SENATOR BAUCUS: The Finlen Complex, Inc. respectfully submits this document for the record at the public meeting held at the Lewis and Clark Library, Helena, Montana, on February 17, 1998, at 10 a.m. This written testimony is in regards to Solicitation for Offers for the Military Entrance Processing Station (MEPS) in Butte, Montana. Thank you.

FRANK TARAS,
Vice-President,
Finlen Complex, Inc.

INTRODUCTION

This written testimony sets forth the experience of the Finlen Hotel, a historic building, in dealing with the General Service Administration (GSA) in attempting to bid on the MEPS Federal lease. We think our experience demonstrates some of the problems encountered by historical buildings and buildings located in historic districts.

MEPS LEASE AND SOLICITATION BACKGROUND

The Military Entrance Processing Station (MEPS) has been located in the Finlen Hotel, Butte, Montana since 1980. The original contract was for 10 years.

Since 1990, all contract extensions have been for either 1 or 2 years. We requested a longer-term extension, but were told repeatedly that MEPS and GSA were studying and reviewing options and could not commit to longer contract extensions.

In August 1996, GSA contacted the Finlen and indicated a desire to execute single-source procurement for a contract term between 5 and 10 years. We indicated our acceptance of this proposal and our ability to proceed immediately.

In October 1996, GSA called to indicate there would be no single source procurement and that they would instead advertise for proposals, but that the boundaries would be within the confines of the historic district of uptown Butte. The GSA placed a small 1-day notice in the local paper. The Finlen responded to this request for proposals.

In November 1996, GSA and MEPS representatives arrived in Butte to conduct their market study and a tour of the Finlen. They requested that we conduct a survey of the existing MEPS and their personnel to determine what would be required to improve the facility to current standards. We determined that only minor partition modifications were necessary along with various cosmetic upgrades. However, during our presentation, we were told that the entire facility would have to be completely demolished and rebuilt. On January 17, 1997, the Solicitation for Offers was sent by the GSA.

BID CRITERIA

The Solicitation for Offers provided in January 1997 contained hundreds of bidding criteria requiring compliance in order to be considered responsive to the Solicitation. The GSA has indicated that the Finlen is currently "not" fully responsive to this solicitation and therefore cannot be the successful bidder. To our knowledge, only four criteria remain that the Finlen proposal does not comply with. The first three criteria are structural and cannot be met by the Finlen or most historic structures. They are as follows:

(1) *Column Spacing*—The Solicitation for Offers states that all proposed facilities have column spacing equal or greater than 25 feet clear span.

By specifying a minimum column spacing, the GSA excludes virtually all older and historic buildings. Construction technology and materials of the past did not allow for long column spans. The stronger lightweight materials available today make longer spans possible. The GSA states that column spacing less than 25 feet limits design flexibility and space efficiency and therefore, is unacceptable. However, there are many buildings everywhere both government owned and private that have column spacing less than 25 feet and are very efficient in their design. The GSA did not present any specific examples of how the efficiency of the MEPS operation would be compromised by failing to meet the column spacing requirement.

(2) *Ceiling Heights*—The Solicitation for Offers specifies a finished ceiling height minimum of 9 feet and maximum of 11 feet. As with the column spacing restriction, specifying specific ceiling heights precludes historic buildings from being acceptable. For example, the Finlen has many areas where 9-foot ceilings are possible but because of the existing structural conditions, a complete facility having all ceilings at nine feet may be impossible. Additionally, there is a beautiful ballroom with high ceilings that would highlight any space, but it cannot be included because it exceeds the maximum ceiling height specification. It would probably comply if a suspended ceiling was installed, but the room would be ruined. Again, no site specific reason was given for imposing this restriction.

(3) *Seismic Safety*—The Solicitation for Offers specifies all buildings shall meet the seismic standards for "new" construction (1993 code) regardless if the facility is existing or new.

In the beginning of this solicitation process, the GSA insisted that we provide documentation from a structural engineer proving our compliance with the current seismic safety codes for new construction. We contacted several engineers who were unanimous in their conclusion that it would be impossible to perform any analysis

and certification of the Finlen from a seismic standpoint without the original structural drawings and specifications. Furthermore, the chances of any older structures meeting today's seismic codes are nonexistent since current seismic designs require new buildings to "slide" or "pivot" during seismic activity and past building designs relied on rigid structural connections that cannot feasibly be modified.

In a July 17, 1997 letter, the GSA stated that Executive order 12941 was the governing authority on seismic safety and it could not be comprised. Research on Executive Order 12941 determined that there are two completely different sets of seismic "standards". One standard is for "new" construction and the second standard is for existing buildings. Executive Order 12941 states that each government agency that owns or leases buildings shall utilize the "Standards" to evaluate the risks and estimate the costs of mitigating any unacceptable seismic risks in those buildings. We have leased to MEPS for 16 years and have never had any seismic evaluation of our facility. The Finlen requested copies of these "seismic standards" for existing facilities in order to study their application, but was told by GSA that it was up to us to secure this information and was only provided a disconnected telephone number. We were never able to properly secure these "standards" for analysis and compliance. The Finlen has maintained its structural integrity for 74 years, including withstanding a major seismic disturbance in 1959. Many government owned buildings, including Federal courthouses, are in the same seismic situation as the Finlen.

(4) *Alcoholic Beverages*—The Solicitation for Offers dated January 17, 1997 specifies site location to be in a city center neighborhood. On July 18, 1997 the GSA modified this requirement by placing a restriction on buildings that serve alcoholic beverages, provide live entertainment, music or dancing. The Finlen maintains a lounge within the facility. We requested the governing document on which this policy was based and we protested this untimely last minute restriction on the facility. There have been no incidents with the lounge and MEPS in 16 years. The GSA responded that they just "found it" and it was a national policy.

The GSA provided these location restrictions:

LOCATION RESTRICTIONS:

The MEPS will not be located in buildings serving alcoholic beverages, providing live entertainment, music or dancing.

The MEPS will not be located in districts where the crime rate exceeds the citywide average.

The MEPS will be located in commercial areas that are primarily designed as office areas.

The MEPS can be collocated with retail stores serving all ages. However, if MEPS is located in a shopping mall, a separate entrance which must be accessible to applicants without requiring them to enter through the mall itself shall be provided by the lessor.

Although this document placed numerous restrictions, only the one restriction regarding alcoholic beverages was made part of the Solicitation for Offers. The other restrictions, which could apply to our competition, were not even listed. Furthermore, even though this change placed an unnecessary and arbitrary restriction on our facility, we proposed an alternative plan that allowed us to comply with this ruling under the last restriction. However, this was dismissed since we are not a shopping mall in the modern definition but just a multi-use facility "similar" to a shopping mall.

OTHER CONSIDERATIONS

(1) *Cost*—The Finlen has spent nearly \$50,000 responding to this solicitation for Offers. Over \$12,000 has been paid to various designers and consultants. Another \$40,000 has been spent on internal staff time. As a small business, it is difficult to keep pace with GSA's unlimited resources.

There are many other operations and cost saving advantages for the MEPS to remain in uptown Butte. The applicant lodging facility and the applicant dining facility is in close proximity to the MEPS. Having these facilities in close proximity is very efficient and it saves dollars on costly transportation. All public service buildings, courthouse, post office, medical facilities, and public transportation are located in Historic Uptown Butte. GSA does not appear to consider these operational advantages to be as significant as the efficiency gained from uniform 25' column spacing or uniform ceiling height.

(2) *Jobs*—The economic impact the MEPS move from the Finlen and Uptown Butte is significant. The Finlen presently employs 13 full time employees, and even though the MEPS does not directly employ these people, their presence is vital to the building's survival. Loss of the MEPS facility would cause significant job force

reductions. Other businesses in Uptown Butte that are either directly or indirectly involved with the MEPS would suffer as well.

HISTORICAL SIGNIFICANCE

Historical Significance—The Finlen Hotel was built in 1924 and is situated in the heart of the historic mining town of Butte, Montana. The hotel is rich in history and is listed in the National Historic Register. It is the tallest and best preserved pre-depression era building standing in the State of Montana. The presence of the Military Entrance Processing Station in the Finlen is consistent with the historical character of the building. In fact, the proposed remodeling of the main hotel lobby along with MEPS would greatly enhance and preserve the historical features of this unique structure.

GOVERNMENT POLICY

Executive Order 12072 and Executive Order 13006 clearly state that Federal agencies shall give first consideration to historic properties within historic districts for locating Federal facilities. Furthermore, Section 3 of Executive Order 13006 requires agencies to take steps to reform, streamline, and otherwise minimize regulations, policies, and procedures that impede the Federal Government's ability to establish and maintain a presence in historical districts.

Federal policy dictates that the GSA alter its rules, regulations, and bidding criteria to encourage the placement of Federal facilities in historic properties as long as health and safety issues are met. The design restrictions and limitations placed in this Solicitation for Offers are precisely the types of issues Congress and the President sought to eliminate as roadblocks to placing Federal facilities in historic buildings.

CONCLUSION

The comments and concerns raised in this document were communicated orally and in writing to the GSA on numerous occasions. The GSA refused to make any modifications or compromises that would enable the Finlen to compete. After meetings with local officials and representatives from the National Trust For Historic Preservation, and the Montana Historical Society, the GSA representative wrote,

"The GSA determined that a more thorough effort is required to adhere with Section 106 of the National Historic Preservation Act of 1966 and Executive Order 13006 for the MEPS Procurement." Furthermore, the GSA promised to seek expressions of interest "within" the Butte Landmark District. (See Exhibit A).

Despite these representations, the GSA issued the attached bid solicitation (Exhibit B) on December 2, 1997, which announced a preference for historic buildings then placed the same bid restrictions that make it impossible for historic buildings like the Finlen to compete.

GENERAL SERVICES ADMINISTRATION,
ROCKY MOUNTAIN REGION,
Denver, CO, September 29, 1997.

Mr. FRANK TARAS, *Manager,*
Butte, MT.

DEAR MR. TARAS: After much consideration and consultation with Butte's local officials, General Services Administration (GSA) has determined that a more thorough effort is required to adhere with Section 106 of the National Historic Preservation Act of 1966 and Executive Order 13006, "Locating Federal Facilities on Historic Properties in Our Nation's Central Cities" for the Military Enlistment Processing Station (MEPS) procurement. As a result of this decision, negotiations with all existing offerors will reopen and GSA will seek expressions of interest for the MEPS requirement within the Butte National Landmark District.

GSA will continue to work with local city officials and adhere to all laws and policies that provide preference to historic districts. Any eligible properties that are presented to GSA will be considered. Negotiations will continue until a Best & Final Offer request is issued to all parties.

Therefore, I have issued Amendment No. 10 for Solicitation For Offers (SFO) No. GS-08P-13383 which will replace the existing paragraph 1.5 "Offer Due Date".

Please indicate your acknowledgment of this amendment by signing, dating, and returning one copy of this letter upon receipt. If you need additional assistance or information, please contact me at (303) 236-1770 ext. 240.

Sincerely,

MALIA N. RINGLER,
*Real Estate Contract Officer,
 Rocky Mountain Service Center.*

WANTED TO LEASE OFFICE SPACE TO THE UNITED STATES GOVERNMENT

The U.S. Government desires to lease approximately 15,100 occupiable square feet of office and related type space constructed to accommodate a Butte Military Entrance Processing Station (MEPS). The mission of MEPS is to process individuals for enlistment or induction into the armed services. The facility must be capable of providing physical examination rooms, aptitude testing rooms, conference rooms, open office areas, storage areas, and other specialized space in a first class facility. Six designated parking spaces for Government vehicles are required and the property must provide parking for employees and visitors.

The property must be located within the city limits of Butte, Montana. A preference will be given to offerors of space in buildings on, or formally listed as eligible for inclusion in the National Register Of Historic Places, and to historically significant buildings in historic districts listed in the National Register. Such preference will be extended to historic buildings and will result in award if:

(1) The offer for space satisfies the terms and conditions of this solicitation as well as any other offer received, and

(2) The retail is no more than 10 percent higher, on a total annual square foot occupiable area cost to the Government, than the lowest otherwise acceptable offer.

If more than one offer of a historic building is received and they satisfy the above criteria, an award will then be made to the lowest priced historic property offered.

The General Services Administration (GSA) is conducting the procurement and is seeking first class quality space in an existing building or new construction. The space must be fully services including maintenance, utilities and janitorial services. The interior space must be capable of being altered to Government layout specifications.

Successful offers must satisfy minimum Federal Government standards for Fire Safety and handicapped accessibility. The space offered cannot be located within the 100-year floodplain. The space offered must be contiguous and occupancy is desired by mid to late 1998. Federal seismic requirements must be satisfied. In addition to these standards, the following requirements must be satisfied:

(A) MEPS will not be located in buildings serving alcoholic beverages, or buildings, which provide live entertainment, music or dancing.

(B) Offerors must provide evidence from a banking institution of at least a conditional commitment of funds for tenant improvement in the amount of \$725,025.00.

(C) The interior column spacing must be no less than 25 foot clear space between columns.

(D) Finished ceilings must be at least 9'.0" and no more than 11'.0" measured from the floor to the lowest obstruction.

The General Services Administration does not use tenant brokers to represent the Government in lease negotiations or transactions. Brokers or agents may represent the prospective landlord, but any properties or proposals submitted by brokers/agents must be accompanied by written evidence that they are authorized to represent the building's ownership.

If you desire to list space for consideration, the building or site owner must forward a resume and pertinent information concerning the building, site, or building plans by December 5, 1997, making reference to Solicitation for Offers (SFO) No. GS-08P-13383 to: General Services Administration, Rocky Mountain Region, Rocky Mountain Service Center (8PR), Attention: Malia N. Ringler, Denver Federal Center, Building 41, Room 288, Denver, CO 80225-0546.

REPORT BY MARK REAVIS, BUTTE-SILVER BOW PROJECT ARCHITECT, BUTTE-SILVER BOW HISTORIC PRESERVATION OFFICE

On Friday, December 19, 1997, my recollection, I received a call from Colleen Fine, Butte Silver Bow Urban Revitalization Agency Director and Assistant Community Development Director regarding my availability on December 23, 1997. Ms. Fine, inquired to my plans on this date, I had indicated that I was going to try to

spend some time wrapping up holiday details and with my children. Colleen informed me that GSA/MZPCOM was making their market survey of Uptown buildings on this date. I indicated I would rearrange my schedule in order to accommodate this visit.

Though it was personally frustrating for a single father with three children to spend limited time with my children to rearrange my schedule, I believe it was equally frustrating for all perspective building owners that this market survey was to be conducted on the day prior to Christmas Eve with very limited notice. In fact, more than half the people indicated to me their disbelief in the fact that the survey was being conducted on this day with such comments as: "these people must not have a life" and "why the (expletive deleted) are they doing this today". I simply shrugged my shoulders and indicated that I could not comment.

Back to Friday morning, December 19, 1997, I attempted to call Ms. Malia Ringler of GSA to set up specifics with the time associated with her visit. On my answering machine was a message from Ms. Ringler indicating her phone number that she would be visiting and that she could not leave specifics of her visit on a publicly accessible answering machine. I returned the call, there was a recording on her machine, her voice mail. I indicated my Butte Silver Bow office phone number, my design studio phone number which has a nonaccessible, private only access as well as my cellular telephone number.

I waited for approximately 15 minutes and recalled the GSA office. At this time, I talked to Ms. Ringler personally. She indicated that the tour would commence at 8:45 and gave me the address of the first building only. I inquired about the other sites and she said that these would be released when we were at the first site. She indicated that the first building would be the "SC" building and that she would see me there at 8:45. I asked about transportation and offered the use of the Butte-Silver Bow County van. She indicated that that was not possible and that she did not want to give any perception of conflict of interest or preference. I indicated that I would meet her there.

On Tuesday, December 23, 1997, I arrived at the SC at 8:40. The owner nor GSA/MEPCOM was currently visible outside the site. Prior to this, I received a reminder call on my cellular phone from Butte-Silver Bow staff person Susan Powell reminding of the visit. I told her I was approximately 1½ blocks away from the site. At the "SC" building I walked around to the east side and found the owner TT waiting the arrival of GSA/MEPCOM. Also at the building was the owner's architect LB who was there to assist in the offering of the building. I was familiar with both individuals and the building itself. I had done some initial conceptual architectural work for TT prior to my employment with Butte-Silver Bow regarding this building and I knew Mr. LB architect from our association within the Butte Society of Architects and on various construction projects. We waited until approximately 9:10 for the arrival of GSA/MEPCOM. Our discussion between Mark Reavis, LB, and TT was generally small talk and had nothing to do with the offering of this building with the exception of why would they be arriving to look at this facility on today.

NOTE: It struck me at this site as well as all remaining sites of the absurdity of the secrecy of this project. I knew all individuals associated with this specific building and many of them quite well. I think the majority of the people were struck by the cloak and dagger approach and generally had a feeling of what was this all about and what specifically was being asked in their proposals. Virtually all building owners indicated that they were willing to provide whatever GSA specifically wanted. These specifics seemed to not be in place and I do not think any one's specific questions regarding what was required was answered during all of the market survey site visit.

On the arrival of Malia Ringler with GSA and MEPS' representatives, I went up to Malia and said hello and shook her hand. All three other individuals with the GSA/MEPS tour group did not introduce themselves to me, in fact, they did not associate themselves with me during the entire tour. The local representatives of MEPS, a Major and a Sergeant simply indicated that they were the taxi drivers. Though I am a fairly sensitive guy, it did not bruise my ego not to be introduced; yet, I believe it is a basic rule of courtesy to introduce yourselves and I took offense to the fact that I had been marked with a scarlet letter and was pushed to one side. From the tour I generally picked up the remaining members of the GSA/MEPCOM party. I believe the MEPCOM representative's name was Mr. Andy Mac. The Sergeant's first name was Celeste. She was the First Sergeant. I do not recall the Major's name since I was not introduced to anyone on the tour and did not know anyone other than Ms. Ringler.

We started the market survey in the reception area of the "SC" building which was an old government receiving and distribution facility. Ms. Ringler proceeded with showing the prototypical new MEPS' facility at Salt Lake. She indicated that

the facility should have an appearance in dignity, longevity, and horizontal windows—no vertical windows.

NOTE: I think a decision on architectural styles and what constitutes dignity and longevity is a subjective opinion of architectural styles. In my opinion and backed by my expertise in historic preservation issues and as a Licensed Architect, the issue of longevity is constituted more by classical placement of windows versus horizontal windows which are typical of modern office parks. Office parks have had little longevity and are constantly at the mercy of fluctuating markets. An architectural opinion such as this I believe is unfounded and has very weak support in the long-term context of architectural styles.

Malia continued with the discussion of permanence and that the facility should look like a government facility. It should not be trendy. One such item for the government appearance is the installation of a flagpole and a flag. Malia indicated that she would be critical on the exterior and that it would be awarded on its shell and ultimately the price. The man from MEPCOM interrupted and called a time out and asked that they be shown a private place to discuss matters. There seemed to be a conflict over a statement by Ms. Ringler. Malia's last comment had to do with the design of the interior and that she would also be in charge of that. After approximately 5 minutes, Malia and the MEPCOM man reappeared and continued with the discussion. We moved into a conference room and pictures of the MEPCOM continued to be passed around and particularly at this time, Mr. TT reviewed these pictures. Ms. Ringler indicated that buildings facade would have to be completely redone.

NOTE: What design criteria is this facade being completely being redone to. There is no indication of any design standards. Ms. Ringler had indicated only she would be making these types of design decisions along with the owner and the owner's architect. It is obvious that Ms. Ringler has experience in design, yet, I am not familiar with her credentials regarding these issues. Decisions regarding the shell are, in fact, completely up to one individual and their own personal opinion of what constitutes correct design for this facility. I feel I must vigorously object to this one person design approval. I again looked at the prototypical buildings, which was the first time I saw these; and, again, find nothing extraordinary about the prototypical Salt Lake City exterior shell treatment. The building has a flagpole, continuous horizontal band curtain wall windows, brick facade, and flat roof. There also appears to be some angling of walls which have a somewhat pleasing form but does not indicate any idea of what takes place on the interior of this facility which I do not feel is reflected in the exterior facade. The prototype facility generally appears to be a box with horizontal band windows.

Ms. Ringler continued to expound on the expectations of a fully serviced lease, which means that the tenant will have to do nothing, with the exception of calling the building manager if there is a problem. Terms of the lease were explained at 15 years with 7 year firm with the ability to break the lease after the 7 years on short notice. While looking over the pictures, there was additional explanation that there needed to be exam rooms, ceremonial rooms, and all of those things associated with the induction of individuals into the military. Ms. Ringler asked what is your vision of this building and TT indicated what do you want us to provide? TT indicated that he wanted the building fully occupied and that he was inquiring into the availability of other Federal leases in this facility. Ms. Ringler indicated that they would not be leasing any other facilities in Butte with a vacant space currently in the Butte's Federal Building. In response to the question on the vision of the building, TT asked for further explanation, GSA/MEPS wants it to look more like an office building. LB, architect, said that TT had a good location and Malia indicated that this was a good location with the parking off of the main Butte Avenue.

Discussion continued with what would you provide for the government? What specifically are you going to do to the shell for us? The response from both TT and LB was whatever you want. Again, those specifics seemed to escape everyone. A general consensus is it needs to look like a MEPS' Center, whatever that is? Again, referring to the prototype in Salt Lake City.

NOTE: Is this prototype a government approved design and do all MEPS have to be designed within the general perimeters of it's form and this shape associated with this prototypical building? If this is the case, it again would seem to limit the opportunities of utilizing current facilities and more specifically historic facilities. This design issue of the shell must be addressed and that the issue of approval by one person for design of a shell, whether new, modified, or existing, must have approval of other individuals with expertise as well as the community itself. For historic compliance issues, efforts must be made to meet current historic preservation mandate, whether Federal, State, or local which assist in the redevelopment and strengthening of a community as a whole.

The MEPCOM man now took his turn regarding this building, specifically, his questions were regarding functionality of the interior spaces. He indicated there was a supply function to this building, specifically with the exam room/doctor's office type of functions, and that there was a potential for x-ray equipment and its extra weight requirements in this facility. Is the building (sc) asbestos clear; TT indicated it was. Malia interjected with column spacing of this facility. TT indicated it was 26 feet centerline to centerline in all directions of columns. Ms. Ringler indicated that the government required 17,500 square feet of usable, rentable space and that ancillary facilities (lobbies, public restrooms, mech) were not included in this space requirement. There was a need for nine reserved parking spaces and that, of course, all the mechanical and electrical would need to be brought up to current standards. The MEPCOM man indicated that the prevailing codes, (which I interjected would be the Uniform Building Code), and that handicapped (N.C.) requirements would be UFAS (in lieu of ADA) which are the Federal requirements, the Uniform Federal Accessibility Standards, be put into place at this facility. The architect indicated that he was familiar with the Federal standards and had used them on a current project. There was a further discussion that the building was in a good neighborhood.

NOTE: Whatever retail services have to do with the MEPS' facility, I am not sure?

There was also indication that the facility will need a food service area required for the preparation of food. Also discussed was that the submittal must have computer aided design (CAD) drawings produced for an accurate footprint and dimensioning of this project.

Regarding the floor plans and the CAD drawings, it is important to know that these plans have indicated exact dimensions and that MEPS is looking at specific items and structures which are not easily movable and if the owner is not willing to move, these would be column, mechanical codes, elevators, those type of objects, those things that cannot be moved.

NOTE: The requirement of CAD drawings seems somewhat strange and I have voiced my objection to this requirement prior to this. The use of CAD drawings does not improve the accuracy of a drawing whether manually or CAD drawing. The manually drawn floor plan can be just as accurate as a CAD drawing. The adage garbage-in, garbage-out applies here. I simply note this because this is a small town with small 1 man architectural offices that do large-scale projects for private and government agencies that are currently not fully CAD drawing capable. I understand their requirement for knowing where all permanent items are wanted in these buildings, but this can be done my manual drafting. Is there a specific computer program and data format file that is required for the production of drawings; and are these files directly used by MEPCOM in planning the interior of these spaces? If so, this information must be provided and requirements of the specific computer program specified so that local architects can understand what is being required of them and if they can provide this to their client.

A reasonable project schedule from MEPCOM man was discussed. A reasonable project schedule is to be stated and then everyone is expected to comply with this schedule, with penalties on both sides if it is not followed. If GSA/MEPS finds this building suitable, it will be solicited for the proposed facility. Some specifics regarding the facility will be included in the solicitation. I interjected and asked Ms. Ringler; "this, of course, will be the (Architectural) Program". She indicated "No! that it will simply be a listing of required square footage within this facility". I said "you will, of course, need a program to design this facility". Ms. Ringler and MEPCOM indicated that this is not the case, this is free form design and that they want the architect to use his imagination.

NOTE: Again, this seems to be totally contradictory to all the discussions that we have had prior to this. There has been a big hang up about column spacing and that these facilities have to be modern and meet exact MEPCOM requirements. The whole approach seems to be arbitrary and has the ability to knock people out when they do not answer a specific question correctly. In general, my reaction to this meeting was more of an interview of the owner versus an actual market survey of the buildings' itself.

GSA/MEPCOM indicated that they were running late and that they needed to move on to the next project. Mr. TT asked if they wanted to view the facility. They indicated that they were just interested in the facade and that "I am sure that it was fine".

NOTE: Again, this tends to confirm that the building owner and the shell are the priority and that there was little interest in the space. It seems contrary to everything I know about planning and placing a proposed facility in an existing building. While everyone else was walking out the exit, I turned and went into the building

and waved the people in, imploring them to at least come in and take a look. With this, everyone came in and looked around and said oh, of course, this will work.

When we left the "GC" building, and were outside, I was taken to one side and shown the next project we were visiting. Ms. Ringler had folded the piece of 8½ x 11" paper so that I could only view the next facility where we were going.

NOTE: Again, this cloak and dagger approach seemed totally absurd to me. What could I possibly do with this information in a matter of several hours that could affect the outcome of this. I had to get to the next facility on my own, in my own car and driving solo to the next appointment. site. Again, I find this offensive and the fact that I had to be in a separate vehicle. I missed the opportunity to be involved in any discussion which took place after we left a site where there may have been a discussion regarding the appropriateness and suitability of each site that had just been visited. Many decisions and general conclusions could have been drawn between the time of learning onsite and going to the next one. There should have been no problem with me tagging along with this group and being an observer of these discussions. I find it secretive and not in the best service of the public. I am an economic development officer of Butte-Silver Bow County and as such I have had consistent dealings with confidentiality requirements during development of these properties. I am sure that all people involved, which I personally know, would have felt better if I would have been part of these discussions after each of these visits, yet I was excluded from these.

On to the next building. It should be noted that the "SC" building is not located within the Butte National Historic Landmark District. I believe there are questions regarding the opening of additional submissions outside of the National Historic Landmark District.

Now to the "C" building, where we met up with Mr. and Mrs. L, the building owners. Again, I knew both these individuals and we had worked extensively with Mrs. L regarding potential updating of this facility utilizing URA dollars. I am very familiar with this building and the potentials that lay within. We went into the main areas of this building which was historically a theater and a retail facility. This building has an open floor plan with approximately 12 feet iron column spacing constituting this building with multi floors above. There seemed to be a general dismissal of this building immediately regarding column spacing, and what I perceive as a prejudice toward historic facilities. Ms. Ringler indicated that the MEPS generally likes to be located on upper floors so as not to be disturbed by retail activities below. There was a look at the central bearing wall between the two main buildings and that there were multiple floors and that square footing requirement would require multi floor occupancy.

NOTE: The requirement of being on the upper floor, again, seems to contradict with information we have heard about. What had generally been previously indicated was that: first floor, new construction, single floor only buildings were preferred. The indication that upper floors preference also seems to contradict some of the program requirements of secured access and delivery of goods to this facility. Virtually all perspectives building offerors were offering first floor space with the assumption that it would be preferred because of handicapped requirements and access.

When the discussion seemed to be going the way of "that this building did not qualify", I interjected with my knowledge of the building and the adjacent site to the west indicating that a submission with old and new construction area to the west could be provided in the ranking in association with this historic building could be made. A large parking area to the west of this facility and the currently unused facade could be incorporated into the new construction portion of the facility with large open space requirements and that the main historic floor could be used for certain activities accommodate with creative design. We went and looked at the area west of the "C" building through a window at the back of the building. There was some consensus that this area could accommodate a building at street level with protected parking underneath. With this new found information, Ms. Ringler indicated that computer designed CAD drawings would be required for this facility, Mrs. "L" indicated that plans for this building were currently available. The questions was were they computer drawn? I indicated that they were not but that they were accurate and that they met historic design, standard requirements for the aforementioned update. GSA's representative asked if there was an architect, Mrs. L indicated that her architect was LM, architect. Again, I stated that they had met design requirements and that they (owner and architect) were knowledgeable and capable of producing the "newly found" new and old facility. Mr. MEPCOM, again, went over his basic list of questions which were stated at the previous site and made emphasis on what was the footprint and what would stay in place. Those things, per se, that are set stone. There was also reference to seismic standards, (NOTE: whatever those

are?) when they apply to existing structures. Ms. Ringler indicated maximizing the windows within the architecture and that there were no windows. Mrs. L, building owner, indicated that there was a considerable amount of glazing on the alley side as well as the other sides of the building.

NOTE: It should be noted, that I believe there is no significant restriction in available window openings, if fact, historic buildings maximize natural lighting, which was typical of the turn of the century, which is not the case with modern office buildings which are air conditioned and have large square type format plans. I believe this lack of windows in new space is consistent with the Salt Lake City prototype facility. These "office park" type of buildings, have a square plan and have less windows per space, there is often more opportunity for usable and pleasant spaces with access to the outside environment via windows and natural ventilation in Historic Buildings with rectangular or "L" shaped plans.

Ms. Ringler showed the prototype building in Salt Lake City to the Mr. & Mrs. "L" building owners.

NOTE: Again, I find the presentation of a prototypical building of new construction and a historic building to be two completely distinct and different design issues. This contradiction of a new desired facility while touring a Historic Building was consistent throughout the tour. A persons was told to tell their vision of a building yet they are told that the appropriate vision is a new facility. Again, this is a potential that limits the possibility of using historic buildings that is simply an opinion.

The discussion turned to me regarding this historic building and restrictions associated with it. I indicated that there was plenty of room on interior rehabilitation of this building and that the outside was in compliance and the work that she had proposed in rehabing in this building was in compliance when utilizing her architects. I indicated that it was a handsome building and everyone had to agree that it was in good condition and was an attractive building.

NOTE: Again, I believe that the design criteria of permanent dignity and a government type of facility can be done on this and other historic building. In particular, the first floor facade windows can accommodate new adaptive uses of this area and could give the presence of an office type of facility which would indicate a government presence.

Ms. Ringler indicated that the historic compliance issues would be a time factor and could be a problem. I noted that this should not be the case and that they had already complied with these issues.

NOTE: Again, this is an indication of a prejudice toward existing historic facilities and wanting to build a brand new facility. There are many opportunities in historic buildings that can be handled by creative design. I and building owners have been consistently told throughout the tour that this is in fact the case that creativity is allowed and encouraged.

The "C" building was extremely cold and unheated and people seemed to be wanting to move on. We went to the next facility, again, Ms. Ringler showed me only the next facility that we would visit. The GSA/MEPS crew got in their car to drive a block and a half to the next project, I simply walked. I met up with the representative building owner, BB, at the "WB" building. Again, in this building there seemed to be a general consensus that would not comply with the requirements of the MEPCOM building. In particular, that the facility would have to be located on multiple floors. This is a legitimate concern but I still believe that a MEPS could be accommodated. We looked at the street level floor, there was also an indication that there was a full basement underneath with parking, and we went to the upper floor which had previously been gutted by fire and had been completely rebuilt to generally show the openness of this building and its potential. Mr. BB seemed to concede that this building would not work for their needs and said that he would like to move on to the proposed site for new constructing facility. The GSA/MEPS crew got into their vehicle and I hitched a ride with Mr. BB to the proposed new construction site. Once at the site, which was located on the south side of M Street adjacent to PGJ, Mr. BB indicated that the facility was proposed to be built on this available property. He did not convey to Ms. Ringler that this property was currently owned by Butte-Silver Bow County which is, in fact, the case. But there was a general indication that it was available at a reasonable rate and was available for promotion and if this, in fact, is the case, under the City-County's developer's packet process for surplus property.

NOTE: It should be indicated at this time, the site has potential for cultural resources, in particular, remains for the China Town area of Butte. This may be an opportunity for historic preservation if handled correctly with proper excavation at this site and recovery of artifacts with donation to the Mys across the street. These issues will be brought up if, in fact, a solicitation is brought back to this owner and the owner contacts us regarding this site. I think the general reaction of Ms. Ringler

here indicates her total preference for new construction. It was not in so many words, but just simply from reaction of body language and a generally higher interest in the proposal of such site for new construction.

Ms. Ringler voiced concern that this area appeared to be totally abandoned. Mr. BB simply indicated that this was part of the charm of Butte, Montana and went on with his presentation. I thanked Mr. BB for this comment. Mr. MEPCOM indicated that this site had possibilities when Mr. BB indicated that the building would be pushed toward M Street and that there was a gentle slope that would accommodate parking underneath the proposed building. It was pretty much left "at that", and this site meeting was called completed. I asked where the next project was and Ms. Ringler indicated that there was some time between the next appointment and that they were going to go get a cup of coffee.

NOTE: Again, I was not invited to tag along with this group. I politely refuse to ride with Mr. BB. I asked Ms. Ringler where the next appointment was and she indicated it was at the "FWG" building. As I took off on foot up the hill to get my own cup of coffee, the GSA/MEPS' car came up behind me and said the next meeting is not until 11:15. I said is that at the "FWG" building? She indicated, yes. I pointed to the facility and the backside of the facility that was visible from G Street. I found the whole discussion back and forth on times and appointments presented in a confusing manner and that it was not represented to me correctly. There were three miss starts in Mrs. Ringler's statement and I was left wondering what was going here. As I walked up the hill past the back of "FWG" building, I was heading toward a local cafe. On the street I ran into a low-income individual which I had met as a laborer on a construction project, he asked me what was going on, I said "cannot tell you", and he said "sounds like a government operation". I offered to buy him a cup of coffee. We went in and sat down at the lunch counter and drank a cup of coffee. I finished the cup of coffee and wondered over to the "FWG" building.

I was about 5 minutes early and the owners Mr. FT and JT were at the building. I was familiar with this building but had not been in it since the retail area had been cleared. There was obviously large, open spaces with maximum versatility in this building. I generally worked my way around the large space waiting for the arrival of GSA/MEPS. Again, I was familiar with the building owners. When GSA/MEPS arrived, they indicated that they had gone to another appointment but nobody was there and it probably did not matter because the proposal did not seem to meet their requirements. I said what building was this and when was this scheduled? I did not get a satisfactory response. Later, after the tour of the "FWG" building, I specifically asked Ms. Ringler what project this was. She had indicated that it was the "P" building and that it was Mr. DB who was the owner. It did not ring a bell (at this time) what this project was and where it was at this time. Ms. Ringler indicated that the building did not seem to accommodate MEPS needs, that the elevator was too small and that the building itself did not project an image of an office building and that it was retail now.

NOTE: I take exception to the fact that these historic buildings are indicated as having a certain style. Uptown buildings have a long history of multiple uses and have accommodated anything from government and private institutions, offices, or retail establishments. The change of image is no great leap of faith.

We continued with the tour of the "FWG" Building. This building is a 1930's building, reinforced concrete with considerable open, usable space. At this time, Mr. MEPCOM showed a higher level of interest as well as Ms. Ringler regarding the potential of this space.

NOTE: There seemed to be considerable tension between Ms. Ringler and Mr. FT. Mr. FT kept asking specifics on what was required and Ms. Ringler kept responding with curt answers. The lead for this market survey evaluation was primarily conducted by Mr. MEPCOM.

Ms. Ringler asked about parking and would nine parking spaces be provided. Mr. FT said that initially only six were to be provided. He indicated that there was more than 30 spaces available in the facility on two parking levels on G Street, one at street level, and one at a sub-basement; but that availability of spaces would be part of the negotiation. The owners would offer them if it was specifically spelled out. We walked around the entire building and headed to the upstairs area. The structural system was obvious when upstairs, (which is primarily unfinished), you could see the exposed concrete frame of the building and the terra cotta infill between these. I indicated that there was plenty of architectural opportunities for adding windows to these currently windowless walls to accommodate the MEPS. We worked our way over to the north primary facade and took a look at the gothic, inspired windows. I indicated to Mr. MEPCOM that these would accommodate a ceremonial swearing in room quite well. He shook his head, yes. We worked our way through all of the upstairs areas and then worked our way down through the building to

the basement area. We went through the building, over the alley, back up through to the first level and then back down to G Street. We entered the parking area on G Street into that area and then to the basement area below to look at the availability of protected enclosed parking. Previously, during the tour, Ms. Ringler asked FT about lead paint, FT said I don't know. I said what standards apply to lead paint? Ringler indicated that no lead paint is allowed in any Federal facility. From my knowledge of lead paint requirements, I asked does this have to do with specific readings or required encapsulation. She said she did not know. From my knowledge of lead paint on Federal housing projects, that readings using x-ray fluorescence can be taken and corrective action is only required if specific levels are hit, then only must be addressed. Lead paint can be addressed by removal or total encapsulation.

NOTE: Again, specific things are said and required that do not have backing of a specific manual or requirement. Again, I feel that sometimes people respond and do not know how to give a specific answer regarding these requirements even though they are willing to comply with them, and then, in fact, these "no responses" lead to a building being dropped out of consideration. This is unfair and does not meet the intent of this market survey and does not open it up to all perspective, qualified proposers.

After the total tour of the building, we again heard toward the front of the building with everyone else who had scattered throughout the project. There was a general consensus that this was a very good building and it had lots of opportunities and that there was an ability to install windows. I indicated that historic criteria could be met, and that the facility could be readily serviced via the alley, secured loading, and secured parking. Again, the owners indicated their willingness to provide whatever was required if and when they received those specific requirements.

We broke for lunch. I indicated and wondered where they were going. I gave Ms. Ringler several options for lunch, she indicated her preference but that she did not know where they were going at this time. Again, I was not invited to go along with this group. I left the building and went back to the same cafe for lunch. During my lunch, I received a desperate phone call from the building owner of the "P" building. He had indicated that he had driven 300 miles specifically for this appointment. I had told him that I did not know where they were but that I would make an effort to try to locate them. I said to please stay around and give me several phone numbers where I could contact him and that I would make sure that they would visit his facility. I called the current MEPS' facility and asked for the major's phone number because I had seen that he had a mobile home. The individual on duty indicated that this was a private phone and that he did not have access to the phone number. I went to several potential Uptown eateries and did not find the group. While looking on P Street and going between various restaurants, I saw the GSA/MEPS' vehicle. I had flagged them down to inform them of the building owner for the "P" building and that he desired that his appointment be reached. Ms. Ringler and crew were in the process of taking photos of the various facilities at this time. She indicated they were available and had about a half an hour until the next appointment. I called the cell phone number that the "P" building owner had given me. I used my cell phone to call the phone number which he had given him. I relayed the information of his availability, I said can we go now, and Ms. Ringler indicated, yes, in approximately 10 minutes. After talking on the phone during lunch to the building owner Mr. DB of the "P" building, it came to me what building this in fact was. A major building within the Historic Landmark District and the fact that I was also familiar with this building owner who happens to be an out of town resident. I met up with the building owner approximately 5 minutes before the arrival of the remaining group and he had indicated that he was in his architect's office, who is located in this building, and that he was in the upstairs area when they came for their first appointment and apparently missed them.

NOTE: I am still at a loss why I was not invited to this initial meeting and review of this facility.

We met on the second floor, generally, we looked around this area. Ms. Ringler indicated that this whole area would have to be gutted. Mr. DB seemed to be very unfamiliar with what was required, as were various other perspective building developers. He said, well I am generally offering this lower area below here which will be vacated in the near future. We went to this area and Mr. MEPCOM indicated that the column spacing seemed to be too close. This column spacing was generally 15 feet from center to center in one direction and approximately 20 feet in the other direction. Again, this column spacing issue tends to bother me when there is extensive versatility within this area, which is open without permanent walls within the area. It was not indicated at this time by Ms. Ringler or anyone else that MEPCOM had a preference for upper floors. I indicated that this building had upper storage

and that there is a central open atrium type of space that could be potentially be utilized.

I also indicated that this building has had multiple uses and that the building owner, DB, had a historic picture of the building which I handed to GSA/MEPCOM. I said the primary changes to the historic building had taken place with the removal of the "cornice" and with the modifications of the first two floor's facade. I said since they had been modified on the first two floors, that there was a whole lot of leeway for accommodating the appearance of a government building. Ms. Ringler said then, "well, of course, the cornice would have to be reinstalled". I said, "no, that is not the case" but that could be done.

NOTE: Again, I think that this building was dropped off the list and that the people involved did not fully understand the potential of this building. The owner was willing to put in elevators, accesses, separate security, all of those type of things; but he, of course, had not thought these out at this time. How can you drop out a building at this initial stage without full understanding of the program and being provided with the requirements. The building owner (DB) was asked to project his vision of this building. This question was very hard for the owner to understand. "What do you mean", he said. What is your vision of this building," Ms. Ringler said. A response from DB was, "whatever you want it to be".

NOTE: I strenuously object to this opinion on what is the best design for the facade of this building. What are the requirements and where is the mandate for a single government official able to make these design decisions?

NOTE: Everyone seemed to be in a rush and generally this building was knocked off the list for what, I believe, was the column spacing issue.

We took a short tour into the basement and we also viewed the parking area immediately out behind the building to the south. I also indicated at this time that there was a building underneath this parking area as well.

NOTE: Again, I believe this building was knocked off the list. I will be surprised if it will be asked for an offer for solicitation, though I do think there are lots of opportunities with this building and it should, again, still be considered and that the owner be given the opportunity to further evaluate the potential of this building utilizing his architect toward the specific requirements of a MEPS Center.

The initially scheduled meeting after lunch was now at hand. Ms. Ringler, again, showed me only the next listed facility. It was the "D" building and the building owner was Mrs. MV. Again, I am familiar with this owner and with the building itself because URA funds were utilized for the rehabilitation of this building. The building is a shell and has fire damage but there was extensive rebuilding of the roof and replacement windows. This is the only case where I generally agree with GSA/MEPS that this building is not suitable for the inclusion of a MEPS' facility. The wood frame construction, generally the tight room configuration for residential construction does not allow for the development of a MEPS facility. With multiple floor required, and the constrictive site to the south, and level changes would make a feasible facility improbable. Again, there was confusion regarding what was exactly being required by the survey. Everyone thanked each other and we moved on to the next project.

At this time, finally the paper was completely unfolded and the last site was the "M" building, owner HC. I arrived at the site and Mr. HC was waiting on the corner of the street. The GSA/MEPS' group was close behind. Mr. HC conducted the tour of this facility. A company with a month-to-month lease, was currently the only tenant on the lower level and approximately two-thirds of this building was currently unoccupied. Mr. HC was totally accommodating and said that he would be more than willing to make absolutely any modifications to the interior of the facility in order to accommodate the needs of the MEPS Center. There were lots of questions regarding windows at the building. I indicated at this time that there was plenty of opportunities to provide lighting into these areas. I went out to the outside and pointed out to Ms. Ringler and Mr. MEPCOM what was the original fabric of the building and what was the infill. I indicated that the concrete block infill could be removed and probably should be removed to reestablish the integrity of the facade with plenty of design opportunities to do such and to make this a facility that would work. There were questions regarding elevators and handicapped access. Mr. HC indicated that there was currently handicapped access to this building. Ms. Ringler indicated that the primary entrance did not work. Mr. HC indicated that this entrance was for the upstairs tenant and that anything could be done to accommodate their (MEPS) use. The existing entrance could be the primary entrance or it could shift and probably should shift to the flatter area out front on G Street and would be a specific entrance for MEPS, Mr. HC indicated that there was 75,000 square feet on this street level floor. Ms. Ringler responded that there is a requirement of 17,500 square feet absolutely required. Mr. HC that he could work out with the up-

stairs tenant in freeing up some space to fully accommodate the needs of the MEPS Center. At this building we looked at column spacing which appears to be around 20 feet by 20 feet on center. In this instance, everyone seemed to indicate that this column spacing was acceptable. Again, I am at a loss while in some cases the column spacing is absolutely critical and drops out a building while in other cases the building is a 20 foot by 20 foot column spacing is acceptable.

NOTE: What I believe, is that this is an indication of prejudice toward certain sites and specifically building owners and how they present the proposal. The market survey should have been specifically involving the buildings suitability only. It also brings up the fact that the 20 foot by 20 foot column spacing is arbitrary and that there is no prototypical building or prototypical solution. Each project is specific to a specific site and that an architect, if qualified, can design a fully functional appropriate MEPS' facility.

Continuing to look at the facility, we went to the back side to look at the potential of loading into the facility from a nonstreet area. After looking over the entire building, and going up to the upstairs and generally looking at the currently occupied area and looking at the basement parking level, we finished the tour.

I thanked Mr. HC, I thanked everyone else, again, with the exception of Ms. Ringler no one else responded or talked to me. I approached Ms. Ringler, thanked her for the visit, offered her all the potential information at this particular building, as with other sites questioning was not consistent. A question was asked about, was the building in the floodplain? At the parting statements, I indicated that we could provide any additional information regarding historic criteria as well floodplain information. She said that they had all those maps and they had the FEMA flood insurance maps at their facility.

NOTE: Again, it seemed more of a test of the building owners versus the buildings themselves. It seemed that a response of, I don't know, was as good as a, no, and could potentially reject a proposed building. I parted this building and worked my way back to the Courthouse. I had picked up my car after the visit to the "P" building.

CONCLUSION: In general, I found the entire experience quite frustrating. The market survey approach seemed to be quite arbitrary and the decision on whether a solicitation would be sent to a building owner was left very much up in the air. I do not believe that any building owner felt satisfied with the responses of GSA/MEPS. In all cases, I was always left with inquiring looks or questions my way. I always had to indicate that I was simply here as an observer. I found this very frustrating as an officer of economic development for Butte-Silver Bow. All of these individuals have looked for our assistance in the past. We are an open government which is also very friendly and accommodating and tries anyway to assist a building owner in rehabilitating their structure which will ultimately assist in meeting the goal of rehabilitating of the National Historic Landmark District. This, in fact, is the point of all of these efforts. It has been determined as a primary goal of Butte-Silver Bow Government which is endorsed by the administrative and legislative branches of the government that this is a goal of our City-County Government, to strengthen and revitalize the National Historic Landmark District area. In my opinion, the way GSA/MEPS has operated has limited the possibilities of strengthening this area. We have felt that the actions of GSA and MEPS did not comply with the National Historic Preservation Act and was the reason for the meeting at the Federal Building and the involvement of the National Advisory Council as well as the National Trust for Historic Preservation.

We will continue to pursue all avenues to ensure that GSA and MEPS complies with the intent of the National Historic Preservation Act and that all such buildings within the District are given fair consideration for inclusion into the proposed development of a new MEPS' facility.

Mark Reavis, Historic Preservation Officer and Staff Architect, was asked to provide a tour of a Butte-Silver Bow owned building that a private developer had sug-

gested as a potential facility to house MEPS. Mr. Reavis made the building available and provided a tour. That is the extent of this Agency's contact with GSA in the initial process. During the timeframe from September 1996 to September 1997, I did not deal with GSA. In 'act. I did not meet anyone from GSA until September of this year.

On September 25, 1997, I was introduced to GSA officials at a meeting in the Federal Courthouse in Butte. The meeting was convened to discuss Butte-Silver Bow's concerns relative to the leasing process. During the meeting, I expressed my displeasure at not being involved in the process; no one from the local government was asked to participate.

As you will recall, Butte-Silver Bow officials left the meeting with the following understanding:

- GSA would work closely with local government officials in the process;
- GSA would reopen and readvertise the MEPS' leasing in the Landmark District while providing clear indication that buildings in the National Historic Landmark District would have a preference and detailing what that preference was;
- GSA would allow local comment on the SFO;
- GSA would request that MEPCOM reconsider criteria considered detrimental to historic structures; and
- GSA would provide a detailed explanation when a historic structure was excluded from consideration.

The meeting concluded with the agreement that the next step taken would be a written review of the SFO. Butte-Silver Bow officials received the SFO and were instructed to provide written comments by October 15, 1997. My comments and Mr. Reavis' comments were forwarded to Ms. Ringler by that date. I have included copies for you.

Butte-Silver Bow does not have first-hand knowledge that our concerns were passed on to MEPCOM. GSA's summary of MEPCOM's response was that MEPCOM believed they offered adequate concessions and would not consider any additional modifications. One item of particular concern was which specific seismic safety standards GSA was requiring. When Butte-Silver Bow and the National Trust pressed for these specific seismic standards, Ms. Ringler suggested that we search the Internet. (See enclosed fax.) It is still unclear whether GSA knows what these standards are.

In the meantime, Butte-Silver Bow was contacted by a local developer requesting a search to determine whether there were any historic structures in a given area. Mark Reavis, in his capacity as Historic Preservation Officer, notified the developer on September 16, 1997, that there was a building constructed in 1928 on the site indicated. Because of its age, the building was eligible for listing on the National Register. Mr. Reavis indicated to the developer that if the project in question was a project for the Federal Government, the developer would have to ensure that construction did not impact this historic structure. Butte-Silver Bow had no further contact with the developer and that building was demolished the week of December 15, 1997. (A copy of Mr. Reavis' letter is enclosed.) This same information was provided to GSA's Regional Historic Preservation Officer.

It is important to note that it is widely believed in this community that there was a handshake deal between the developer and GSA on this location and it is the site where MEPS will ultimately be located. The rest of the activities; the meeting in September, and the additional effort made to reach buildings in the Historic District, may well have been window dressing.

By early November, Butte-Silver Bow had not heard anything from GSA either by phone or in writing regarding our comments on the SFO or what the next step in the process would be. I sent a letter dated November 13, 1997, to Ms. Ringler (copy enclosed). In the letter I expressed my concern that I had not heard from GSA. It was my understanding that GSA would work with Butte-Silver Bow in this process. Butte-Silver Bow would provide mailing labels from our data base and GSA would produce a mailing to reopen the process for buildings in the National Historic Landmark District. This was agreed to because GSA, at its own admission, did not provide adequate notification of preference for the Historic District. I requested the opportunity to do a joint mailing with GSA. I wanted documentation of my Agency's financial commitment to the project to be included with the document GSA was preparing.

Shortly after the receipt of my letter, Ms. Ringler called me; I believe it was November 17th. She told me that GSA would not be doing a mailing. Ms. Ringler stated that any mailing would be done by Butte-Silver Bow but she would provide a flyer from GSA. This caught me completely by surprise because at no time was this ever discussed with or agreed to by local officials. At that point, I considered voicing my concerns but given the extremely short turn around time in this process as well

as the Thanksgiving holiday, I felt the best thing to do was to continue in an attempt to try to work with GSA. Ms. Ringler told me I would receive the flyer by November 19, 1997, but it was ultimately received the afternoon of Friday, November 21, 1997.

The flyer was received in the form of a fax and, as such, was not suitable for distribution. My secretary retyped it verbatim. The flyer was duplicated and sent to property owners in the District. Additionally, the Agency, at its own expense, placed an ad in the local paper indicating that lease space was available and for individuals to contact the Agency for further details. The deadline for submission was set for December 5, 1997. The flyer was mailed November 24, 1997, and the ad ran on November 28, 1997. This process provided developers with less than 12 days for response inclusive of the Thanksgiving holiday and weekend.

During the week of December 1, 1997, as developers submitted their proposals they began calling me with concerns regarding questions Ms. Ringler was posing to them. One of the individuals, H. C., stated that Ms. Ringler called him and said that his proposal was insufficient and that it was not detailed enough. The flyer states "If you desire to list space for consideration, the building or site owner must forward a resume and pertinent information concerning the building site or building plans by December 5, 1997." That information was submitted to Ms. Ringler, however, H. C. was requested to provide detailed financial information not requested in the flyer.

On December 3, 1997, M. V. called me with concerns because Ms. Ringler indicated she needed a letter from me promising my Agency's commitment of \$382,000 toward the project. I was to specifically state that her building was eligible. Since everybody at the September meeting had a clear understanding that money was available, my Agency was not going to send letters to Ms. Ringler for each individual proposer at a time when she knew the commitment was available and only eligible buildings could propose. I told M. V. this and she was satisfied with my response.

I was contacted by D. L. on December 4, 1997, concerning his proposal. Apparently Ms. Ringler told him that he needed to demonstrate the financial ability to handle the project, otherwise his proposal would be considered nonresponsive. I suggested he let her know in writing that he had the financial ability to handle the project but was not, at this point, willing to open up his financial records to the Federal Government. Again, let me state that at no place in the flyer does it say that this information needed to be provided.

On December 5, 1997, I was contacted by M. M. regarding his proposal. He submitted a proposal and detailed building plans regarding his building. Ms. Ringler called him back and stated that it would not be considered since it was nonresponsive. Her concerns had to do with the seismic safety of the building. Recall, all attempts to find these standards have been met with brick walls. I indicated to M. M. to commit to meeting the seismic standards and indicate to Ms. Ringler that he would discuss it with her during the market survey.

On Tuesday, December 16, 1997, I was having lunch at an Uptown cafe when one of the proposers asked me if I was going to be on the tour with Ms. Ringler. I had no idea what he was talking about. He told me Ms. Ringler was coming to town the following Tuesday. This news took me very much by surprise since I had had no contact whatsoever with Ms. Ringler after our discussion regarding flyer the week of November 17, 1997. I had no idea what GSA was doing or what their process would be and was not asked to participate. These activities are completely contrary to the agreement reached in the meeting in September. I attempted to contact Ms. Ringler immediately but could not reach her.

On Wednesday, December 17, 1997, I again attempted to contact Ms. Ringler regarding her schedule while in Butte. She was out of the office and I left a message expressing my concern on her voice mail. I attempted to contact her boss, Ms. DeBernardo. I did not leave a message with her but her voice mail indicated a cell phone number to contact. I attempted to contact that number but was not successful. I then contacted Mr. Paul Proudly. His secretary took a message and said he would call me back later. When I left work that evening, I had not heard from anyone at GSA in Denver.

On Thursday morning, December 18, 1997, I attempted to contact Mr. Proudly again. His secretary asked for my name, I stated that it was Colleen Fine from Butte, Montana. She said, "Oh, Ms. Ringler will be calling you back. She will be handling this matter." I was not able to talk to Mr. Proudly. In fact, I felt I was kept from speaking to him. Ms. Ringler called me a few minutes later. I asked her about her visit to Butte. She stated, and I quote, "It did not occur to me to invite you since you know the buildings so well." She said that the purpose of the market

survey was to provide the client and GSA an opportunity to observe the buildings and determine their suitability for the project.

She stated that a copy of the market survey and any decisions regarding proposals would be provided to Butte-Silver Bow. I indicated to her that I was not available on Tuesday nor was Mark Reavis. I expressed my concern regarding local participation and also expressed my concern that I was not contacted. She apologized but stated that she would not reschedule the market survey since there were individuals coming from Chicago and GSA was being pressed to complete the project. I asked her if she could tell me where she would be touring. She told me she was concerned about confidentiality. I indicated to her that I would not release any of the sites to be toured. She gave me a list of sites scheduled to be toured.

When she completed her recitation of the tour list, I asked her about one building that I thought was submitted but she did not list as included in the market survey. I asked her whether she had received a proposal from the Ben Franklin (F.W. Grand Building). She indicated she did not. She closed by saying that if we were able to find a staff member to come, they could contact Major Walsh and connect up with him at the beginning of the tour. However, after going to great lengths to alter his schedule, Mr. Reavis was not allowed to connect with MEPCOM officials. Ms. Ringler specified a time and place for Mr. Reavis to meet the tour. His offers of a Butte-Silver Bow van or his chauffeur services were refused. During the tour Mr. Reavis would be prevented from having any personal contact with MEPCOM officials. As the designated representative of the hosting local government, his treatment by GSA staff was rude and demeaning.

After I hung up with Ms. Ringler, I called the firm which indicated to me they intended to submit a proposal on the Ben Franklin building. I told them their proposal was not received. They stated the proposal was faxed to GSA by the deadline along with a request for a return fax confirming the proposal's receipt. The firm did not get a return fax—rather a phone message from a GSA staff person indicating that the fax had been received. At this point, I contacted Senator Max Baucus' field office to express my concerns. Subsequently, I learned from the firm which submitted a proposal on the Ben Franklin that Ms. Ringler thought the 16-page fax was related to an existing lease. She did not realize that it was a new proposal. She did not read the fax but simply put it in a file.

Senator Baucus' field office called me that afternoon and told me they had contacted Mr. Proudy and Ms. Ringler and that the Ben Franklin proposal would be included. Concerns that the Ben Franklin site would not receive an equitable review were alleviated when Ms. Ringler pledged that she would rearrange the schedule to make sure the building would be given fair consideration.

Later that afternoon, it occurred to me that Ms. Ringler did not indicate to me that she was reviewing a new construction proposal. Upon learning the market survey was scheduled, I contacted those developers that contacted me during the submission process. As it happens, every single developer had contacted me and I verified that each was invited on the market survey. The new construction proposal was a joint proposal. I called the two firms; one indicated they were contacted regarding an existing building they had proposed and the other firm had not been contacted at all. This confusion was cleared up with the assistance of Ms. DeBernardo and the new construction site was reviewed. The market survey was conducted as scheduled. I have included Mr. Reavis' comments on the tour for your review.

I have many concerns. GSA pledged to work closely with Butte-Silver Bow officials in the process. On the contrary at nearly every turn we have been kept in the dark. Butte-Silver Bow has initiated all involvement by local officials. All questions have been responded to with reticence, reluctance and repugnance on the part of the leasing agent. We were allowed no personal contact with MEPCOM staff. Local comments and concerns have been censored through GSA personnel. During the market survey Butte-Silver Bow officials were kept physically separate from MEPCOM staff. We were not allowed to participate in lunch and Butte-Silver Bow staff were not even allowed into the same vehicle as the representatives of the Federal Government. These behaviors do not foster a trusting relationship.

GSA promised to reopen and readvertise the MEPS' leasing in the Landmark District while providing clear indication that buildings in the National Historic Landmark District would have a preference and detailing that preference. GSA may have allowed new proposals from the Historic District, however, they also allowed buildings outside of the district to submit as well. My understanding from the meeting in September was that only sites in the National Historic Landmark District would be considered since this area was not given adequate notice of the preference for historic sites and that was the very reason for allowing new proposals. One of the buildings toured during the market survey is outside the National Historic Landmark District and is not eligible for URA funding. Why that building was included,

I do not know. But, I do know GSA did not mail the flyers, produce a mailing or advertise in local papers. Butte-Silver Bow performed these activities.

GSA promised local comment on the SFO. We were allowed to comment but those comments fell on deaf ears at GSA and we do not even know if our comments were forwarded to MEPCOM.

GSA stated they would request that MEPCOM reconsider criteria considered to be detrimental to historic structures. GSA stated MEPCOM felt they had made all the concessions they would make. Since Butte-Silver Bow has been completely barred from discussions we have no way of knowing if or how our concerns were portrayed.

GSA promised a detailed explanation when any historic structure was excluded from consideration. It is unknown yet whether GSA will live up to this promise.

My main concern regarding this process is the lack of trust local officials now have regarding GSA. This is a direct result of the tactics employed by GSA staff. Montana has one of the most liberal open government philosophies in the country. This ideal is an overriding tenant of our State's constitution. Those who operate in government in Montana are used to open, honest and critical review of our work. Both the Montana Opening Meeting Law and Montana Open Records Law indicate that citizens of this State want to be well informed regarding the operation of government at all levels. This does not work well with the smoke and mirrors operation conducted by the GSA leasing agent in this instance. Local officials and citizens as well, have been kept in the dark, treated in a less than respectful manner and have literally had to beg to be included in the process.

The leasing agent has continued these hostile activities by pressing Mr. Reavis to sign a confidentiality agreement regarding the procurement process. He did so under duress. He felt if he were not to sign, Ms. Ringler would not have allowed him to participate. Ms. Ringler instructed Mr. Reavis to have me sign this document as well. Upon receipt I noticed it is called a Certificate of Procurement Integrity.

I have no intention of ever signing this agreement. It contains references to Federal policies, regulations and laws that are not attached. I have no idea what those policies, regulations and laws describe and I have no intention of looking them up on the Internet. I have reviewed my decision with both the Butte-Silver Bow County Attorney and my personal lawyer. Both concur, I would be ill advised to sign this document. In fact, the County Attorney, citing the Montana Constitution, Montana Open Meeting Law and Montana Open Records Law informed me I could not sign this agreement without more documentation and even then, I may not be able to sign it. It is truly unfortunate Mr. Reavis was required to do so.

I told Ms. Ringler I would keep the sites visited in the Market Survey confidential and I have, however, it must be remembered that every single proposer contacted me on their own prior to me ever speaking with Ms. Ringler regarding the Market Survey. I find it hard to believe that I must keep confidential, things I've learned in the normal scope of my duties as an employee of Butte-Silver Bow. The very nature of my involvement in economic development activities dictate professional decorum but this process is completely out of the norm. On numerous occasions I have been instructed, by the Chief Executive, the Butte-Silver Bow Council of Commissioners and by the Urban Revitalization Agency Board of Commissioners, to ensure Butte-Silver Bow's interests are heard regarding the MEPS facility. I made every effort to do so and I will not allow my participation in this process to be included in GSA's veil of secrecy.

When we first became involved in this process all Butte-Silver Bow wanted was to ensure all regulations were followed and that the National Historic Landmark District was given a fair opportunity to compete on a level playing field. That was it; period; end of discussion. Now it seems the longer the process has gone on the stranger the turn of events have been. It may very well be that this is an above board process, unfortunately it is very difficult to believe given the prejudicial treatment of local officials, of the National Historic Landmark District and of the community as a whole. The more Butte-Silver Bow has asked for involvement, openness and honesty, the more secretive and hostile the response has been. At this point in the process it is clear the Leasing Agent has completely lost all objectivity and sense of fairness.

As you may be aware, one of the major goals of Butte-Silver Bow's recently revised and adopted Community Master Plan is the continued redevelopment of Uptown Butte. As an economic development objective it serves several vital purposes. The strength of any local economy is mirrored in the treatment of its older urban areas. How we treat these areas reflects a community's values and hopes. This community values its Uptown and desperately wants its revitalization. Uptown is a living, breathing vital place indicative of the spirit and heart of this community. Ensuring its strength is the first step in maintaining a strong, local economy. A new

MEPS facility in Uptown Butte meets several local goals while presenting a unique opportunity to create a mutually beneficial partnership between the Federal Government, local government and private developers. It allows the Federal Government to significantly address goals of the community. The opposite consideration is equally dramatic in its statement. If the Federal Government chooses to leave the Uptown, contrary to the desires of the community, the perception left would be one of abandonment. I think this is exactly the wrong kind of message the Federal Government should be leaving about the very heart of our community.

As the economic development officer for the Butte National Historic Landmark District I am not now nor have I ever asked for special consideration. I am asking for a fair process utilizing objective, quantifiable and justifiable criteria available to all parties beforehand in a written format. For this project in our community and for future projects throughout the country, my sincerest hope is that the Federal Government seeks to secure space in a fair, open and honest manner allowing for all parties concerned to meet their respective goals.

Sincerely,

COLLEEN FINE, *Director,*
Urban Revitalization Agency.

BUTTE-SILVER BOW HISTORIC PRESERVATION OFFICE,
Butte, MT, September 16, 1997.

RE: PURCHASE OF 3-ACRE SITE

Thank you for your inquiry regarding historic resources at your proposed new development site.

In general, the site that you have identified is remote to the Butte National Historic Landmark District. Because of this, we have little information regarding the potential for historic structures along Harrison Avenue. The date of construction is 1928. Because of its age, it meets the 50-year criteria eligibility for listing in the National Register of Historic Places. Since the area is along Harrison Avenue, a site of considerable construction disturbance, it is highly unlikely that any useful archaeological sites still remain.

Per our phone conversation regarding this project, I asked if any Federal funds would be utilized for the construction of this project. You indicated that it was all privately-funded. If your potential lessee is a Federal agency, they will have to consider impacts to historic resources during their lease negotiation process. Again, this is the Federal agency's responsibility not the private developer's.

Please confirm with the potential lessees if they have any such requirements in order to protect you and the development regarding a solid lease of your proposed facility.

Sincerely,

MARK A. REAVIS,
Historic Preservation Officer,
Butte-Silver Box Historic Preservation Office.

BUTTE-SILVER BOW URBAN REVITALIZATION AGENCY,
Butte, MT, October 14, 1997.

Ms. MALIA N. RINGLER,
Real Estate Contract Specialist,
Mountain-Plains Service Center,
General Services Administration,
Denver, CO.

DEAR MS. RINGLER: Thank you for the opportunity to comment on the SFO for the MEPS facility in Butte. I do have some concerns regarding the documentation you provided.

Page 4, 1.0 Summary, Unique Requirements

This section contains a requirement for an interior column spacing which cannot be less than a 25-foot clear span. While the requirement that the interior structural column be wrapped in drywall and finished, is not a problem, the 25-foot clear span is really a mechanism to exclude historic structures from consideration.

The SFO calls for a large amount of square footage and many of the historic buildings choosing to participate will far exceed the square footage requirement. From a functional standpoint, any tenant will be able to work around the column spacing with no loss of efficiency. Unless there can be some demonstrable reason

why any Federal agency would need a clear span of 25 feet, I would find this requirement designed solely to be prejudicial toward historic structures.

Page 5, 1.3 Location, sub (2) Restrictions

The restriction regarding the location of a MEPS facility in a building which serves alcoholic beverages, appears to be meant to preclude the current landlord of the MEPS facility in Butte.

The business serving alcoholic beverages is not open during MEPS' hours and therefore military entrants are not exposed to the interior lounge area during their processing.

I would not have a concern with the prohibition of alcoholic beverages if it were an adopted regulation applied uniformly to all MEPS meal, lodging and processing sites throughout the Country, but since alcohol is not available during the MEPS' processing time and is available at most meal and lodging sites, this restriction is unfair to the owner of the existing location.

Page 25, 4.2 Ceilings and Interior Finishes (Sep 1991)

"The ceilings must be at least 9 feet high and no more than 11 feet measured from the floor to the lowest obstruction." This requirement could unfairly eliminate historic structures and, if implemented in a historic structure, would impact the integrity of the building.

While it is possible to put in a suspended ceiling in any building, it is generally known that historic structures will have a higher ceiling height, the maintenance of which should be encouraged. This MEPS' requirement would mean that a building would be altered, therefore, diminishing the historic value of the building. I can find absolutely no tie between ceiling height and operational efficiency or effectiveness. This alteration would affect a historic building's standing with regard to the Federal Historic Tax Credit. Ironically this program was designed by the Federal Government to encourage the use of older historic structures. The ceiling height requirement is completely biased against historic structures.

One item you did not highlight in your SFO was the topic of seismic safety. Again, Butte-Silver Bow's position is that the Federal Government cannot impose requirements not currently met at its own facilities. Additionally, the requirement cannot be so egregious to comply with that to do so would irreparably alter the historic integrity of the building. Requirements imposed cannot be designed to be met only through new construction. Seismic criteria used must allow modifications to a historic building absent the virtual destruction of its historic character.

I thank you for the opportunity to respond to the SFO. It is my sincerest hope that GSA continues to work in the spirit of cooperation with the Historic Preservation Community and Butte-Silver Bow Local Government. We look forward to the successful completion of this process. If I can be of any aid to you at all in the future, please do not hesitate to contact me.

Sincerely,

COLLEEN FINE, *Director,*
Urban Revitalization Agency.

BUTTE-SILVER BOW HISTORIC PRESERVATION OFFICE,
Butte, MT, October 14, 1997.

MALIA N. RINGLER,
Real Estate Contract Specialist,
Mountain-Plains Service Center,
General Services Administration,
Denver, CO.

DEAR MS. RINGLER: Thank you for giving me the opportunity to comment on the SFO for the Butte MEPS' facility. As I stated in the past and at the recent meeting at the Federal Building, I wish to continue to stress the importance of giving priority to projects located within the Butte National Historic Landmark District.

In particular, I am concerned about SFO restrictions for column spacing which cannot be less than 25 feet as well as the ceiling height restriction of no more than 11 feet. Requirements such as these without notation for allowances for historic structures, would seem to eliminate the possibility of utilizing landmark historic structures. Also, please modify your SFO to reflect the opportunities (10 percent preference and Federal Tax Credits) for utilizing historic structures.

As discussed at the meeting, an extra effort should be made to ensure that building owners within the National Historic Landmark District are notified and are aware of all the benefits, opportunities, and requirements and that these are com-

municated to increase the possibility of rehabilitating a historic structure and complying with the National Historic Preservation Act and, in particular, the Section 106 process.

Sincerely,

MARK A. REAVIS, AIA,
Butte-Silver Bow Historic Preservation Officer.

October 10, 1997.

MALIA: I'm reviewing the MEPS' solicitation for offers and have a few questions. I would like to see a copy of the seismic standards referenced in Executive Order 12941. Do you have a copy? Have you contacted the Interagency Committee on Seismic Safety in Construction? Can you help me to contact the committee?

Have you contacted MEPCOM regarding additional flexibility? What was the result?

Thanks in advance for your help.

ROBERT NIEWEG.

October 14, 1997.

ROBERT: Do you have Internet access? I believe you will find all the information you could dream of by searching the net. If you do not have Internet access, I will begin researching the seismic requirements to get you the appropriate information.

As GSA stated in the meeting, we believe that MEPS has offered adequate concessions and therefore, we have not asked them to consider any additional concessions. It was agreed in the meeting that you and the others, Ralston, Mark, Colleen, Paul would initiate any concerns as my letter of September 29, 1997 confirms.

MALIA RINGLER.

BUTTE-SILVER BOW URBAN REVITALIZATION AGENCY,
Butte, MT, November 13, 1997.

Ms. MALIA N. RINGLER,
*Real Estate Contract Specialist,
Mountain-Plains Service Center,
General Services Administration,
Denver, CO.*

SUBJECT: LEASE PROCESS FOR THE MEPS CENTER

DEAR MS. RINGLER: Other than receiving your request for comments on the SFO, I have not heard from you since the September meeting regarding MEPS. It was my understanding that GSA would be in touch with Butte-Silver Bow Local Government shortly after the meeting in order to obtain an address list for buildings in the Historic District. Is that still a correct assumption?

If it is still your intention to notify building owners in the Uptown area regarding the potential for the MEPS' lease, is it possible for URA to piggyback with a joint mailing? The URA Board of Commissioners at their November 4, 1997, meeting declared their \$382,000 commitment to the Finlen facility transferable to any building in the Uptown area that secured the MEPS' lease as long as the project met with the URA program requirements. It would be helpful if, at the time that you send out your requests for letters of intent on the project, we could join your mailing and inform building owners of the URA commitment to the project.

Again, it is our intention to work with you on this process. Please let me know when you intend to notify the building owners and I will have a mailing list ready. I will await a reply from you.

Sincerely,

COLLEEN FINE, *Director,
Urban Revitalization Agency.*

KISSOCK REALTY, INC.
Butte, MT, February 12, 1998.

Senator MAX BAUCUS,
Washington, DC.

DEAR SENATOR: As a Realtor, it is important that I understand the "House Rules."
As a citizen, I would like the consideration of a new building and site developed on the tax roles; as well as respecting the historical area.

To bid a GSA property is very expensive for the contractor. It would be most helpful, if, GSA would not call for bids outside of the historical areas, if they cannot be considered because of law, and/or politics.

I would appreciate a copy of any conclusions reached from this meeting.

Respectfully,

BETTY R. KISSOCK,
Kissock Realty, Inc.

MONTANA STATE SENATE,
Helena, MT.

Senator MAX BAUCUS,
Billings, MT.

DEAR SENATOR BAUCUS: I would like to urge you to make an effort on behalf of downtown Billings. If the Bureau of Land Management moves its offices, it will strike a serious blow to our city's heart just as we are making efforts to give it new life.

The downtown Billings renovation project holds great promise for our town. But if another 54,000 square feet of rental property suddenly go vacant, it will tear a hole in that fabric. In addition to the fact that vacant property doesn't pay taxes, this move would have a negative effect on rental property values downtown. At the very moment we are trying to encourage more property owners to offer residential rental space downtown, the BLM's move would undermine the incentive for them to do so.

Senator, I encourage you to support the city of Billings' efforts to obtain a 1-year moratorium on this move, to ensure that it has been done properly, and with due regard to the welfare of downtown. Only by careful study can we make sure that our Federal Government is not harming our city's growth and development.

Thank you for your kind attention to this matter, Senator. I am sure you are concerned for the health of downtown Billings, and this is one step we can take that will translate that concern into positive action.

Sincerely,

SENATOR SHARON ESTRADA.

HARRISON G. FAGG & ASSOCIATES,
Billings, MT, February 16, 1998.

Hon. MAX BAUCUS,
U.S. Senate, Washington, DC.

DEAR SENATOR BAUCUS: Solicitation for Offer No. 97-15 presented by GSA requesting space for BLM in Billings, Montana, if continued, will cause a serious impact on the entire city of Billings. The bid proposal and the results will be detrimental to Billings for the following reasons:

1. There are currently 201,969 square feet of vacant space in the Billings Central Business District. The government leaving Granite Tower will vacate another 54,486 square feet increasing the total square footage to 256,455, an increase of approximately 27 percent.

2. The increase in rental space will depreciate tax values and have a deteriorating effect on the city of Billings.

3. The move from the Central Business District was predicated on BLM's desire to have a warehouse and warehouse attached to their building. Please note:

a. CBD zoning does not allow wareyards and warehouses.

b. A study of 11 regional offices of BLM shows 66 percent of the wareyards and warehouses are not adjacent to the office building, but in fact, are located in locations fitting that type of facility.

c. BLM has claimed large savings by having the warehouse and warehouse attached to their building. Actual savings through a study made by the Billings regional office came to \$35,000 per year.

4. Executive Order 12072 has not been followed. Please note the following:

a. GSA offered the space for leasing within the CBD on June 23, 1996. It was done in a competitive manner with opportunities for anyone in the United States to bid. Granite Tower submitted. This bid has never been rejected. If accepted, it would have met all the terms of the Executive Order.

b. BLM has stated along with GSA repeatedly and publicly that no site in the CBD would be overlooked, thus allowing the Executive Order to be met. On September 11, 1997, in a letter to the Honorable Rick Hill, Frances R. Cherry Jr., Acting State Director for the Bureau of Land Management stated that they were aware that the building could not be placed in the CBD as bid. Thus, they acknowledged their noncompliance with the Executive Order, but the bidding process continued.

c. The Executive Order requires consultation with city officials. On November 3, 1997, the Billings City Council had determined that the City had not authorized GSA to relocate BLM from downtown Billings. On November 12, 1997, Mayor Charles Tooley notified Polly Baca, GSA Regional Administrator that GSA's attempts to relocate the BLM from the CBD "will be contrary to the Presidential mandates of Executive Order 12072 and leaves our downtown with a major amount of vacant space and declining property values".

The above actions create a situation making it impossible to bid this structure within the CBD and all occurred in the face of GSA's repeated promises to all of the three of Montana's congressional Delegation that the building would be located in the CBD, or at least that CBD property owners would get a fair shot at bidding. This was not done.

In addition to the bid being unfair to the city of Billings, the bidding process has been unfair to us as building owners of Granite Tower for the following reasons:

1. BLM has indicated a large savings by moving out of Granite Tower. Using BLM consolidation savings prepared by them with the wareyard offsite and the totals from the bids presented by Granite Tower, in proposal #2 submitted in September 1997, BLM will save the taxpayer \$15,166,425 in 20 years if they stay in Granite Tower.

2. There are at least eight special specifications in the bid specifically placed to exclude Granite Tower. All were pointed out to GSA and GSA refused to waive them.

3. The original bid answering the solicitation of June 23, 1996, has been ignored and has neither been acknowledged or rejected. Thus, the bidding is flawed as an existing bid meeting all of the requirements of the original solicitation still exists.

4. By excluding the Central Business District, yet broadening the geographical boundary, GSA has allowed preferential bidding for those out of the CBD in direct violation of the Fairness in Bidding Procedures required by the U.S. Government.

5. On the day before the bid opening, pre-cast buildings were excluded from bidding. Granite Tower is a pre-cast building. On the day after the bids were opened, pre-cast buildings were re-included and the bidding procedure changed. Thus, creating a bidding procedure which was flawed and a bidding procedure which should be rejected and new bids taken.

6. On at least seven occasions, in writing, high officials of BLM or GSA and the owners of Granite Tower have assured the Montana congressional staff that downtown Billings would be included in the proposal. This with the full knowledge that the codes and zoning ordinances of the CBD would not allow the central core of the city of Billings to house the entire facility.

In conclusion, GSA has not followed Executive Order 12072, has not followed proper bid procedures, has conducted preferential bidding, has provided the taxpayer with a building that will cost millions of dollars more than the existing space, has worked in direct opposition to the betterment of the community and the city of Billings, and in doing so, has misled the congressional delegation about their true intentions.

I would further request that a 1-year moratorium be placed on GSA, if it turned out the bidding was flawed and that this matter be turned over to the Office of Management and Budget or a Senatorial sub-committee that can take testimony and evaluate the situation through a full investigation of the bidding procedure.

I would request that a re-bidding be held at the end of the investigation that would be fair and equitable to downtown locations and developers and one which would save the Federal Government millions of dollars.

It is my understanding that a similar situation exists in Butte, Helena and perhaps other cities in Montana. If so, I would request that these other cities be placed in the evaluation.

Sincerely,

HARRISON G. FAGG, AIA.

